Austria ... Sch 15	Indonesia .. Rp 2500	Portugal ... Esc 65
Bahrain .. Din 0.650	Italy .... L 1100	S. Arabia .. Rls 6.00
Belgium ... BFr 35	Japan Y550	Singapore . S$ 4.10
Canada ... C$2.50	Jordan ... Fils 500	Spain ..... Pta 95
Cyprus .. Mils 600	Kuwait ... Fils 600	Sri Lanka ... Rup 30
Denmark .. DKr 7.00	Lebanon .. £L 6.00	Sweden .. SKr 6.50
Egypt .... E£1.00	Luxembourg . LFr 35	Switzerland . SwFr 2
Finland .. Fmk 5.50	Malaysia .. Rm 4.25	Taiwan ... NT 585
France .. Fr 5.50	Mexico .. Pes. 300	Tunisia .. Din 0.600
Germany . DM 2.00	Morocco .. Dh 6.00	Turkey .... L 160
Greece ..... Dr 80	Netherlands . Fl 2.75	U.A.E. ... Dh 6.50
Hong Kong .. HK$ 12	Norway . NKr 6.00	U.S.A. $1.50
India .... Rup 15	Philippines . Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,177 Monday November 21 1983 D 8523 B

Inflation and drought hit Australia, Page 6

NEWS SUMMARY

GENERAL

Iran and Iraq in fierce battle

Iran and Iraq both said their forces were locked in fierce fighting in the Kurdish mountains in northern Iraq.

Iran said hundreds of Iraqi troops were killed to the west of besieged border town of Penjwin, and that a battalion and four companies were wiped out.

The official Iraqi news agency in Baghdad said Iraq had crushed a new Iranian attack, killing nearly 11,000 troops, capturing many others, and seizing vast quantities of weapons.

Iran launched its offensive in the area a month ago.

Radioactive check

UK Government ordered an investigation into the contamination of a beach by radioactive waste near a nuclear reprocessing plant in Cumbria, north-west England. Page 7. Concern over Argentine nuclear plans, Page 2

Madrid rally halted

Riot police sealed off a central Madrid square to prevent hundreds of right-wing extremists from marking the eighth anniversary of the death of General Franco. There were several arrests.

Sparks charged

South African journalist Allister Sparks, correspondent of the Observer, London, and the Washington Post, who was arrested eight months ago, said he had been charged with violating his country's censorship laws by quoting a banned person, Mrs Winnie Mandela, and would appear in court tomorrow week.

Soviet version

Soviet daily Sovietskaya Rossia said that former U.S. President John Kennedy, shot dead 20 years ago tomorrow, was removed by those who placed him in power because he had ceased fully to serve their interests.

Portuguese deaths

At least nine people died in the Lisbon area in Portugal's worst floods for 16 years. Page 3

Nicosia protest

Thousands of Greek Cypriots plan to protest in the capital Nicosia against the declaration of a separate Turkish state in Cyprus. Page 3

Minister's escape

A security guard foiled an attempt to shoot dead Assam state's chief minister, Hiteswar Saikia, in Gauhati.

Ethiopian move

The Ethiopian army, supported by Cuban forces and Soviet advisors, is massing troops and heavy arms on its border with Sudan, according to the official Sudan news agency.

New line on Mayerling

The former Empress Zita of Austria-Hungary, aged 91 and living in exile in Switzerland, said that Crown Prince Rudolf, who died with Countess Maria Vetsera at Mayerling 96 years ago, did not commit suicide but was shot on the orders of French Premier Georges Clemenceau, who had wanted him to topple his father, Emperor Franz Josef.

Tsarist gold find

A woman working on demolition of a Leningrad house found a gold brick with a Tsarist seal weighing 3.47 kg (7.6 lb), in a bedroom fireplace.

Briefly . . .

Football: European Nations Cup, West Germany beat Albania 2-1 at Saarbrücken to win Group 6.

BUSINESS

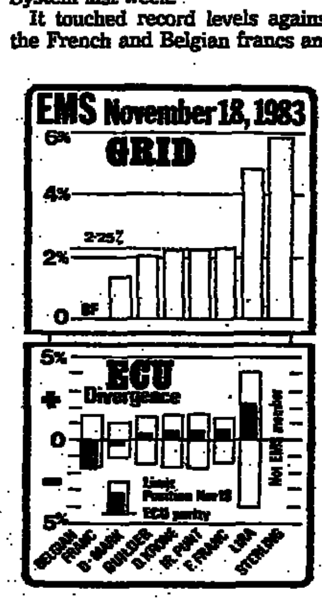
France presses Soviets for trade

● FRANCE will ask the Soviet Union, in talks starting in Moscow today, for more plant and equipment orders, which have fallen recently. It is concerned about the possible long-term imbalance of trade, in view of increasing Soviet gas sales. Page 4

● THE DOLLAR'S continued strength was the dominant factor affecting the European Monetary System last week.

It touched record levels against the French and Belgian francs and the Italian lira. It was also at a three-month high against the D-Mark, the depressed state of which helped to relieve pressure on the weaker members of the system.

The Belgian franc was again at the bottom of the EMS but was held steady with the help of further central bank interventions. Trading was a little subdued, with some financial centres closed for public holidays.



The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

● AIRLINERS: The battle for world markets between Boeing of the U.S. and Europe's Airbus Industrie will intensify following McDonnell Douglas's decision to stop work on its MD-90, MD-100 and MD-3300 designs. Page 5

● HERR ROLAND SPICKA, chief executive of Wibau, the West German construction company, which is part owned by IBH Holdings, has resigned. Wibau has applied for court protection against creditors after the near collapse of the SMH private bank.

● IG METALL, the West German metalworkers' union, with 2.5m members, is to press ahead with its fight to cut the working week from 40 to 35 hours despite government opposition. Page 20

● UK GOVERNMENT is planning legislation to improve laws on insolvency and investor protection. Page 20

● JAMAICA has agreed to barter its bauxite for U.S. dairy products. Page 4

● AUSTRALIA is the subject of today's Statistical Trends feature, which covers the effect of inflation and drought on its growth, backed by graphic illustrations. Page 6

● ITT'S Belgian subsidiary has won a contract to supply System 12 advanced digital telephone equipment to Yugoslavia. Page 4

● TRUSTHOUSE FORTE replaces Dunlop Holdings as a constituent of the FT Industrial Ordinary index, from today. Dunlop recently sold most of its tyre interests to Sumitomo Rubber of Japan.

U.S. HOPES FIRST PERSHINGS WILL ARRIVE ON WEDNESDAY

Bundestag set to clear way for missile deployment

BY RUPERT CORNWELL IN BONN AND REGINALD DALE IN WASHINGTON

West Germany's ruling coalition is set to win parliamentary approval tomorrow, in the teeth of overwhelming hostility from the Social Democrat (SPD) opposition, for an immediate start to deployment of new Nato intermediate nuclear weapons in the country.

The Reagan Administration was yesterday disappointed by SPD hostility, but U.S. officials expressed confidence that the Bundestag would approve deployment on Tuesday – allowing the first batch of Pershing 2 missiles to be flown to West Germany perhaps as early as Wednesday.

Administration officials, however, stressed what they saw as the irony of the SPD opposition – given that it was the SPD under Chancellor Helmut Schmidt that was the prime mover in requesting the missiles in the first place in the late 1970s.

U.S. officials believe that opponents of the missiles in Western Europe all too often forget that the U.S. originally agreed to provide them as part of a Nato deployment at the request of West European governments.

Speaking on U.S. television yesterday, Mr Michael Heseltine, Britain's Defence Secretary, said that the major European political parties opposing the missiles – such as the SPD and the British Labour Party – were "parties that failed to get elected."

Nothing would unnerve the British Government in its determination to deploy the missiles to counter the Soviet Union's build-up, and people protesting in the streets would not be allowed to over-rule the elected authorities, he said.

The three parties in the West German coalition, Chancellor Helmut Kohl's Christian Democratic Union (CDU) and its two smaller allies, the Bavarian-based Christian Socialist Union (CSU) and the liberal Free Democrats (FDP), which command a comfortable 58-seat majority in the 498-seat Bundestag, have all backed deployment.

Nevertheless, heavy extra police contingents were to be seen in Bonn last night, to head off any possible interference with the debate from counter-demonstrations by the anti-nuclear peace movement.

In Düsseldorf, a bomb damaged the state criminal office early yesterday, but no-one was hurt. Another bomb was defused outside a U.S. company, which police refused to identify.

Opponents of the new Nato missiles were planning a rally in Bonn

Continued on Page 20

SPD conference, Page 3; U.S. arms sale dilemma; Controversy over nuclear policy, Page 2

Syrians down Israeli fighter

By Patrick Cockburn in Bhamdoun, Lebanon

SYRIA shot down an Israeli fighter-bomber attacking Palestinian units east of Beirut yesterday in marked sharpening of the conflict between the two countries in Lebanon.

Druze militia leaders who control the town of Bhamdoun said yesterday they saw a missile climbing towards the Israeli plane and exploding. They denied Syrian claims that a second Israeli aircraft was hit.

The Israeli attack was on Palestinians both in Druze-held areas and behind the Syrian lines but was largely unsuccessful. In two of the three towns the Israelis say they raided, damage was superficial. In the town of Bhamdoun, shattered by fighting between Druze and Christian militiamen in September, a bomb landed behind a building housing members of Saiqa, a Palestinian group closely controlled by Syria.

Israel confirmed that it lost one aircraft but denied that a second had been shot down, David Lennon writes from Tel Aviv.

Mr Dan Meridor, the Cabinet Secretary, said the air raid was one of several tactics being employed to prevent the guerrillas from rebuilding their infrastructure in Lebanon. He also confirmed that the strikes were directed against the Palestinian-radical splinter group, the Popular Front for the Liberation of Palestine, and the Syrian-backed al Saiq.

The Druze, close allies of Syria who took control of the long mountain ridge leading towards Beirut in heavy fighting last September, said they clearly had not been the object of the Israeli air attack. Mr Yassir Haidar, their spokesman, added that most of the Palestinians in the area had gone north to fight against Mr Yassir Arafat in Tripoli.

The shooting down of the aircraft by Syrian missiles marks a major change in Syria's policy. In the past it has not responded to Israeli air attacks behind its line so long as they were not directed towards its troops.

Israeli and French aircraft escaped Syrian anti-aircraft fire when they attacked buildings housing Iranian revolutionary guards and Islamic fundamentalists in the Syrian-controlled Bekaa Valley last week.

Israel has returned to its old policy of striking at targets outside its lines whenever there is a guerrilla attack.

Continued on Page 20

Israel and France likely targets, Page 2

Brazilian loan package near to completion

BY PETER MONTAGNON IN LONDON

BRAZIL is now within striking distance of completing its $6.5bn loan from international banks, a crucial part of the $1bn debt rescue package for the country.

By the close of business in New York on Friday, more than $5.8bn, or 90 per cent of the total required, had been subscribed, according to Mr William Rhodes, a senior Citibank, executive and head of the advisory commitee of banks spearheading negotiations with Brazil.

The success of the loan has cleared the way for the International Monetary Fund's executive board to approve a resumption of lending to Brazil at its meeting tomorrow, setting the rescue package for Brazil formally in motion.

A final hurdle for this approval had been the receipt of a "critical mass" of subscriptions to the loan, but on the basis of past performance this question has now become academic. The IMF, which approved Mexico's programme when only 85 per cent of its $5bn loan had been received, is unlikely to be worried by the missing 10 per cent of subscriptions for Brazil.

The advisory committee of banks already regards the loan venture as a success. Mr Rhodes said, that the loan results had exceeded many bankers' expectations because of the care taken by Brazil and the committee to explain it to all 830 bank creditors.

The loan proves that lending to debt-ridden countries "can function if it is properly structured and organised. We did not try and shove it down their (creditor banks') throats," he said.

Brazil wants a first disbursement of the credit, amounting to $3bn, before the end of the year so that it can eliminate arrears on its foreign debt. However, although the bulk of the money is now secure bankers point out that pulling in the last few hundred million dollars from the most reluctant banks could take a long time.

Continued on Page 20

ARGENTINE DOUBTS

Prospects that Argentina will be able to draw a $500m loan instalment from its commercial bank creditors at the end of this month have begun to recede, prompting new worries about its ability to pay off mounting arrears on its $40bn foreign debt. *Page 2*

UK to focus on welfare state for spending cuts

BY ROBIN PAULEY IN LONDON

BRITAIN'S Conservative Government is to focus on the welfare state in its search for substantial long-term cuts in public spending, Mr Nigel Lawson, Chancellor of the Exchequer, said yesterday.

The Government would look especially hard to see if radical changes could be made in the financing of social security, health and education, with a greater emphasis on private, rather than state provision of services.

A radical approach was necessary, Mr Lawson said in a television interview, to prevent a resurgence of public spending because of the "fundamental social and economic pressures" which would appear on welfare state payments by the 1990s.

Public spending had to be contained to allow for the tax cuts needed to sustain economic growth and boost it "to the best level of which we are capable."

The UK Treasury's alarm over state provision of health, education and social security stems from their mounting cost. Mr Lawson's autumn financial statement last week showed revised estimates for 1984-85 in which education will take £13.05bn of the £126.4bn ($186bn) public spending total, social security £36.85bn and health and personal social services £15.41bn.

The other two areas to come in for the Cabinet's long-term "hard scrutiny" are defence, projected to spend £17bn in 1984-85, and national debt interest payments, estimated at £15bn next year.

Mr Michael Heseltine, Defence Secretary, has already been forced to abandon any plans to renew Britain's commitment to increase defence spending by 3 per cent a year after the present commitment to Nato partners expires in March 1986.

If other departmental spending is not restrained, state spending, which will account for 42 per cent of Britain's gross domestic product in 1984-85 compared with 40½ per cent in 1979-80, will claim a rising share of the economy – as high as 47 per cent in 1990-91 according to one Treasury scenario – and so increasingly restrict the room for tax cuts.

Mr Lawson yesterday confirmed his view that the prospects for tax cuts in the 1984 budget "do not look good," but he was more optimistic about the scope for progressive tax cuts in subsequent budgets

Autumn statement comment, Page 19; Lex, Page 20

Steel unions oppose Arbed-Cockerill link

BY PAUL CHEESERIGHT IN BRUSSELS

SOCIALIST-LED unions in Belgium are putting pressure on the Brussels Government to halt plans for a co-operation agreement between Cockerill Sambre, the state-owned steel producer and Arbed of Luxembourg.

Cockerill Sambre plants in the Liège area will be closed today in protest at the plan which was subject of secret discussions between the two governments on Friday.

These talks stalled on the issue of guarantees sought by Luxembourg. A special committee of the Belgian Cabinet will meet today to consider the co-operation plan and also a restructuring scheme for Cockerill Sambre.

The plan is proving politically sensitive for leading politicians with bases in the Liège and this is reflected in emerging Cabinet divisions.

The basis of the co-operation agreement would be the closure of Cockerill's wire rod plant, Valfil, at Liège, in exchange for the closure of an Arbed hot rolled coils plant, Steckel, at Dudelange in Luxembourg. At the same time there would be a greater trading of steel products between the two groups.

Alongside this technical arrangement, the Luxembourg Government wants but evidently did not receive at Friday's talks, a guarantee that future decisions involving Sidmar, the second largest Belgian steel producer based in Flanders and not in the traditional steel-making areas of Wallonia, will be made in Luxembourg.

Sidmar is 51 per cent owned by Arbed, 12 per cent by the Luxembourg Government and 22 per cent by the Belgian Government. It is Arbed's most successful steel com-

Continued on Page 20

China seeks to renegotiate its textile agreement with EEC

BY ANTHONY MORETON, TEXTILES CORRESPONDENT, IN LONDON

CRUCIAL TALKS on the renegotiation of China's six-year-old textile agreement with the European Community, which could lead to a big influx of Chinese goods into Europe, are scheduled to open in Brussels this morning.

China already has a massive textile trade surplus with the Community in its favour and is understood to want access to larger European markets.

It has set its sights on West Germany in particular. This poses a difficult problem for the Germans, since they have always been the leaders of the liberal wing within the Community, urging their partners to take a more relaxed line on growth of textiles and clothes from low-cost sources in the Far East.

The present agreement ends on December 31, and the Commission has set aside two weeks for the talks, but this is thought to be optimistic. If there is no agreement by the end of the year, negotiations could be resumed in Peking some time in January.

If they continue much beyond the end of this month, China's position will be immeasurably strengthened, because on December 15 its application to join the Multi-Fibre Arrangement (MFA) comes before a committee of the General Agreement on Tariffs and Trade (Gatt) in Geneva. Gatt officials report that China has done its homework well and its application is certain to succeed.

Membership of the MFA will allow China to claim the same rights in its negotiations with the EEC as other MFA member states, such as Hong Kong and South Korea.

China was the third largest exporter of textiles to the EEC last year, behind Hong Kong and South Korea, and will probably move into second place this year. It is known to want to obtain much higher quotas for the highly sensitive products, such as cotton yarn, spun synthetic fabrics, knitted shirts, sweaters and trousers.

The European industry, through Comitextil, the producer organisation covering member countries, is opposed to this. It is urging that China should be categorised as a dominant supplier – along with Hong Kong, South Korea, Taiwan and Macao – which would restrict its rate of growth in these sensitive products to low levels.

"We are very concerned at the quantities China wants to send to Europe," M Camille Blum, Director General of Comitextil, said in Brussels. "We simply cannot accept higher levels." The European industry believes it took a liberal view when the present agreement was negotiated in 1977 and cannot afford to do so a second time.

The Europeans are also aware that, when China and the U.S. concluded a textile pact four months ago, the agreement was bitterly criticised by U.S. producers.

China's increased quota base levels, which give it the right, for instance, to send 52 per cent more towels to the U.S. by 1987, has been described as completely unsatisfactory by Mr James Chapman, President of the American Textile Manufacturers' Institute.

He has charged that the agreement exceeds anything that could be described as reasonable, and called for extra vigilance to watch for possible disruption of the home industry.

The European industry is particularly concerned that the Sino-U.S. deal might be used as a yardstick by which China would seek to gain concessions from the Commission in Brussels.

CONTENTS

OVERSEAS NEWS

Prospects of prompt Argentina loan recede

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

PROSPECTS of Argentina drawing a $500m loan instalment from its commercial bank creditors at the end of the month are receding, prompting new worries about its ability to pay off mounting arrears on $40bn of foreign debt.

The drawing, from a $1.5bn credit agreed by all the country's commercial bank creditors, had been set for November 30 as part of a revised timetable under which Argentina is supposed to complete 1983 rescheduling of $6bn in public sector debt by mid-December.

Despite the near euphoria with which the international banking community greeted the victory of Sr Raul Alfonsin's Radical Party in the recent elections, bankers say they are still not clear as to the incoming Government's policy on Argentina's foreign debt.

A particular source of disappointment has been Argentina's failure to honour the debt agreements of the outgoing military administration. Banks had been hoping that rescheduling agreements would be signed by state agencies such as the utility company Agua Y Energia as an indication that Argentina would stick to the new timetable for its debt rescue programme.

With no progress on this front, a significant number of creditor banks have yet to agree to the $500m drawing on November 30 and unless they do so soon, the drawing will have to be postponed for a third time. Argentina needs the money to repay part of a $1.1bn bridging loan granted by creditor banks earlier this year and to reduce debt service arrears which are now thought to exceed $500m.

Further delay would be particularly unwelcome to U.S. banks, which face having to classify their Argentina loans as non-performing if the arrears are not cleared up by the end of the year.

Some bankers suggested over the weekend that a formal requirement on Argentina to sign at least one rescheduling before the end of the month might be discreetly dropped to allow the drawing to go ahead. This would acknowledge that the imminent hand-over of power will make it very hard for Argentina to complete its rescheduling arrangements as planned on December 15.

U.S. dilemma over arms sales

AMERICA can see no grounds for refusing to sell arms to Argentina, Mrs Jeane Kirkpatrick, the U.S. Ambassador to the UN, said last night. But she insisted that the U.S. would never sell arms to a country which was at war with Britain.

The views of America's allies would be carefully considered, she said on Channel 4's Face The Press.

"The point is not that we want to sell arms to Argentina. The point is that we find no grounds to continue to refuse to sells arms to Argentina because the certification was based on the absence of democratic process and consistent human rights violation."

Controversy grows over nuclear policy

BY JIMMY BURNS IN BUENOS AIRES

INTERNATIONAL concern about Argentina's nuclear plans has grown following the surprise announcement that a reprocessing plant capable of producing enriched uranium was being secretly built near Pilcaniyeu in southern Argentina.

In the midst of this major controversy over the country's nuclear programme, Mr Hans Blix, Director General of the international nuclear watchdog, the Vienna-based International Atomic Energy Agency (IAEA), today begins a five-day official visit to Argentina.

Mr Blix's tour of nuclear sites, covered by safeguard arrangements with the IAEA, was arranged several months ago. But it is now expected to be everything but the low profile visit that was originally intended. He is expected to seek firm assurances from the incoming radical Government that the country's atomic research will be used only for civilian purposes.

Admiral Carlos Castro Madero, head of Argentina's Atomic Commission, revealed on Saturday that the plant had been under construction since 1978 in the province of Rio Negro near the Chilean border, and would be fully operational by 1985. It will produce uranium enriched by up to 20 per cent for use in the country's experimental reactors and power plants. The uranium could also be used in the nuclear - powered submarines which Argentina has already announced it is developing.

Admiral Castro Madero did not specify whether the new plant would have the capacity to enrich uranium by 95 per cent, the level needed to produce nuclear weapons. But he said that the gaseous defusion plant had been built under military auspices and remained a state secret.

Western diplomats are worried by the incoming Government's apparent refusal to sign or ratify the nuclear non-proliferation treaty (NPT) and the Treaty of Tlatelolco which governs the spread of nuclear weapons in the region. In addition, Argentina is continuing to reject "full scope" safeguards. All Argentine elements in the nuclear programe such as the plant in Rio Negro and the reprocessing plant being built near Bueros Aires are not subject to IAEA inspection.

The Argentines regard the nuclear safeguards as designed to maintain the nuclear status quo and prevent the Third World from benefiting from the transfer of technology.

Sr Roberto Perazo, a nuclear policy adviser to the incoming Government, said that the Treaty of Tlatelolco was an attempt "to disarm the disarmed."

Greyhound peace plan proposed

By Terry Dodsworth in New York

MANAGEMENT and union leaders at the strikebound Greyhound bus company have hammered out a return-to-work formula after four days of violent clashes on picket lines across the U.S.

The new proposals will be put to the 12,500 members of the Amalgamated Transit Union without a recommendation from the leadership. No details of the formula have been issued, but the union is known to have compromised on its insistence that it would not tolerate the wage cuts of 9.5 per cent demanded.

In a show of strength against the strikers, Greyhound management has refused to halt its resumed bus services. These restarted last week on a reduced network using non-union drivers and other personnel, along with some union members who had decided to accept the management's wage cut

There were signs at the weekend that Greyhound's tactics in trying to force concessions from the workforce were beginning to pay off.

On Thursday, heavy picketing of bus depots across the country led to a series of violent incidents between police and strikers, apparently deterring the public from using the services. But the passenger count has been steadily picking up

Israel and France are likely targets for Shia guerrillas

BY PATRICK COCKBURN IN BEIRUT

ISRAELI and French air raids on the headquarters of Shi'ite militants in east Lebanon as well as Israeli exchanges with Syria—during which at least one Israeli jet was shot down this weekend—have made both countries obvious targets for retaliation by Shia Moslems (although yesterday's Israeli attacks did seem to be directed against Palestinian guerrillas rather than Shia Moslems).

An Israeli soldier was shot dead and a French checkpoint in Beirut came under rocket and machine gun fire soon after aircraft had returned to the aircraft carrier Clemenceau after attacking Baalbeck last week.

Last night in Paris, the French Government and police were seeking clues to whether a bomb raid on a restaurant in the French capital late on Saturday night, in which 30 people were wounded, was a terrorist counter-attack.

The vicious circle of retaliatory attacks is likely to continue. The military leader of Amal, the Shia group which rules the 600,000 inhabitants of the slums of south Beirut, said yesterday that "we shall keep up our Jihad (Holy War) by blowing ourselves up inside their centres and positions."

The 2,100 French troops belonging to the multi-national force are clearly vulnerable, but the most significant development is the increase in guerrilla attacks against the 15,000 Israeli soldiers who hold south Lebanon behind the Awali River.

When the Israelis invaded Lebanon last year many of the Shia, who are the largest community there, were glad to see the backs of the Palestine Liberation Organisation. There had already been clashes between Amal and PLO fighters. Israel seems to have wholly underestimated the potential menace of the 1m Shia Moslems, who are Lebanon's largest community.

Both the traditional and militant new Shi'ite leadership has united in opposition to the Israelis in the south, creating a fertile recruiting ground for guerrillas. Raids on Shi'ite militants in the Bekka Valley are likely to prove ineffectual in stopping them, however satisfactory it may be to Jerusalem and Paris to exact retribution.

Manila's foreign exchange reserves climb to $600m

BY EMILIA TAGAZA IN MANILA

THE PHILIPPINES' dwindling foreign exchange reserves have slightly improved to about $600m (£402m) from the October level of about $450m. Mr Jaime Laya, the central bank governor, said the increase is due mainly to the turn-over to the Government of all the bank's foreign exchange earnings.

Early this month, the central bank ordered banks to sell all their foreign exchange earnings so that the Government could regulate the flow of foreign payments. The Government has been digging up the country's international reserves in order to meet maturing debts and interest because the flow of fresh foreign loans and investments has been at a standstill since September.

Meanwhile, a banking official said that the country's total foreign debts may have already reached $30bn, instead of the $25bn as earlier estimated by the central bank. The higher estimate was disclosed as monetary authorities hinted at the discovery of several unauthorised foreign borrowings in the course of negotiations in New York for the rescheduling of some of the country's debts.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 75 Rockefeller Plaza, NY, NY 10019.

OVERSEAS NEWS

James Buchan reports from Cologne on the missile debate at the SPD conference

Social Democrats exorcise their Three Kings

The SPD rejects the deployment of new American medium-range systems on the territory of the Federal Republic.

THE POET, Heinrich Heine, returned from exile to Cologne one dark November day in 1843, was accosted by the jabbering ghosts of the Three Kings whose bones are supposed to lie in a golden casket in the cathedral.

West Germany's Social Democrats, setting off for somewhere or other on another dark November day in Cologne at the weekend, also had their Three Kings to exorcise: Herbert Wehner, Helmut Schmidt, and Willy Brandt, the three who together or against one another, held the party in power from 1969 to 1982.

The first was Herbert Wehner, 77, the long-time parliamentary floor leader and the former Marxist who yet led the party out of its Left-wing cul-de-sac so it could one day take power. He sat, pale, hunched and clearly very ill through the debate on why his party must now reject deployment of U.S. nuclear missiles which could start on Wednesday, after a two-day Bundestag debate. He did not speak at all.

The second was the party chairman, Willy Brandt, 70 in December, the first SPD post-war Chancellor and the man who, on October 22, addressed the great anti-missile demonstration in Bonn. He spoke twice, full of rage and occasionally mawkish, and was greeted with heartfelt applause from the 400 delegates. The king of the hour.

The great powers haggling over the missiles has demonstrably "failed with what is going to begin on Wednesday," he said to applause. "Geneva has failed above all because of the pig-headedness of those who thought it more important to put in Pershing 2s than to dismantle" Soviet SS-20 missiles.

By this he meant the U.S. Administration. He argued that the SPD, when it approved deployment in 1979 by 60 per cent to 40 per cent, had coupled this with the vital condition of serious negotiation by both the world superpowers.

The third sat beside him, but separated as if by a wall of ice. Helmut Schmidt, 65 in December, the SPD's second post-war Chancellor, was dressed in a black coat and tie as if for a funeral. He spoke for one and a half hours and neither cold silence or perfunctory applause deterred him from speaking his mind.

Two minutes into his speech, he told the delegates he would not vote for the executive's "No" motion. How could he go back on the policy he had championed as Chancellor?

He was applauded when he said he would not be coopted by the conservative parties or separated from "my party, to which I have belonged for nearly 40 years." He implied he would abstain in the Bundestag vote rather than align himself with a chancellor whose "circumspection and energy" were deficient.

He was applauded too when he tossed his audience a bone or two, criticising successive U.S. administrations over arms control, apologising for exposing Germany more than the other stationing countries by agreeing to take the Pershing 2 as well as just cruise missiles.

Then came the silences. "The Federal Republic must keep its word." Moscow cannot be allowed to destroy the balance of power. The West must voluntarily support its leading power. "Comrades, I see there is no applause," he said icily, as if he had lost none of his authority. "Perhaps, you will think it over in the next few years."

Thirteen delegates voted with the former chancellor and three abstained.

The delegates seemed happy, free at last of the Schmidt rigour and the Wehner caution, free on Herr Brandt's long rein.

Herr Schmidt quoted some of Heine's thoughts from Cologne but stopped before the passage, 60 lines later, where the poet throws off the most persistent of the ghostly kings with the words: "You belong in the past."

Mr Lubomir Strougal, Czechoslovakia's Prime Minister, has warned West Germany of the consequences of deploying new American missiles in West Germany, Leslie Colitt reports from Berlin.

Mr Strougal said the stationing of 572 medium-range missiles would inevitably lead to counter measures. "Good neighbourly relations" between Prague and Bonn could change, as the missiles would threaten Czechoslovak territory, he stressed.

In response to the deployment of the U.S. missiles, the Soviet Union had recently announced it would station more missiles in Czechoslovakia and East Germany. "No one in Czechoslovakia is happy about new Soviet missile complexes being stationed here." Mr Strougal said.

The Czechoslovak and East German media have noted that a number of their citizens were questioning the need for more Soviet missiles. This is seen not as Moscow's Prague and East Berlin allies criticising the decision but as a bid to gain the sympathy of the West German peace movement.

Athens makes new bid for Arab support of UDI condemnation

BY ANDRIANA IERODIACONOU IN ATHENS

THE GREEK Government has intensified its lobbying of the Arab world for support against last week's unilateral declaration of independence (UDI) in occupied northern Cyprus by Mr Raouf Denktash, the Turkish Cypriot leader. Athens is battling against a strong sense of Islamic solidarity, which has led Arab countries to support the Turkish cause in Cyprus, despite the actively pro-Arab policy of successive Greek governments.

Dr Andreas Papandreou, the Greek Prime Minsiter, has sent a letter to Mr Chabli Klibi, the General Secretary of the Arab League, appealing for help in condemning Mr Denktash and forcing him to revoke his decision. Greek Assistant Foreign Minister, Mr Karolos Papoulias arrived in Kuwait from Saudi Arabia yesterday, continuing a diplomatic lobbying mission in the Gulf.

So far, of the Arab countries of the Middle East and North Africa, only Algeria has reacted against the Denktash move. Jordan abstained in last Friday's Security Council vote on Cyprus. Which way the rest of the Arab states will swing will be a crucial test for the Papandreou Government's Arab policy. This has involved friendships with the more radical Arab states, such as Libya and Syria, and active backing of the Palestinian cause against Israel

Nine die as floods sweep through Lisbon suburbs

BY DIANA SMITH IN LISBON

AT LEAST nine people died in the Lisbon area over the weekend in the worst floods to hit Portugal for 16 years. In Cascais, the seaside dormitory town 30 km from Lisbon, the combination of torrential rain and pounding seas destroyed buildings and roads in the downtown area.

Over 1,000 people in Lisbon suburbs were made homeless as flood waters wrecked slum shacks and jerry-built housing projects too close to water courses that turned into torrents under constant downpours.

The drenched, homeless families that crowded into reception centres for shelter were a reminder of Portugal's "bad, and in some cases inhuman housing conditions," as Prime Minister Mario Soares put it on television.

Sr Soares appealed for calm, stressing that disasters such as these floods draw attention to Portugal's glaring shortcomings.

Chilean opposition plans more anti-Pinochet demos

BY MARY HELEN SPOONER IN SANTIAGO

CHILE'S OPPOSITION groups, encouraged by the attendance at a mass rally on Friday against General Augusto Pinochet's regime, have indicated they will call for further protest action in the future.

The multi-partisan Democratic Alliance (DA), Chile's largest opposition group, has calculated the rally's turnout at 500,000 people, while Chilean officials have estimated that about 90,000 people attended.

Sr Carlos Dupre, a DA member, said Friday's rally marked an important turning point

Feldstein on inflation

MR MARTIN FELDSTEIN, chairman of President Reagan's council of economic advisers, said in Paris on Thursday that U.S. inflation was under control. An error in Friday's edition suggested he said otherwise.

Polish economy plan unchanged

By Christopher Bobinski in Warsaw

POLANDS PARTY leadership has judged that the relatively mild public reaction to proposed food price rises, unveiled for consultation a week ago, means that no radical changes in economic policy are required for the moment.

This is the conclusion to be drawn from the way the authorities have presented proceedings at a two-day meeting of the Party's central committee on the economy which ended here at the weekend.

WORLD TRADE NEWS

SHIPPING REPORT

Tanker market patchy

By Andrew Fisher

THE TANKER MARKET did not oblige with any fireworks last week, as the UK investment community was being gently pressed to consider putting funds into this long-depressed sector.

Market activity, said E.A. Gibson Shipbrokers, was "anything but exciting." Inquiry in the Gulf for VLCCs and ULCCs (very large and ultra large crude carriers) was patchy.

Most large ships were chartered for the Far East, with one 210,000 tonne cargo fixed for South Korea at Worldscale 35, in line with recent levels.

In the dry cargo sector, Denholm Coates reported that the Atlantic market was stronger. The Iranians took bulk carriers on time-charter for voyages from the Great Lakes.

The arguments aimed at persuading investors to go into tankers were presented in London last week by Investa, a Norwegian investment company, and UK stockbroker Savory Milln.

A new $46m company is being set up in Bergen to take over five big tankers formerly in the fleet of the Reksten group, which collapsed in the 1970s. Valued at their present scrap worth of some $4m each, the ships should, it is claimed, provide a good opportunity

Singer and Friedlander, the UK merchant bank, is also working on a scheme for investment in tankers built between 1975 and 1979; the ex-Reksten ships are 10 or more years old.

ITT wins Yugoslav telephone contract

ITT, the U.S. multinational conglomerate, said its Belgian unit, Bell Telephone Manufacturing Company (BTM), has won a contract to supply its System-12 advanced digital telephone equipment to Yugoslavia's national telephone network, Paul Taylor writes from New York.

Under the terms of the agreement, which is expected to be ratified shortly by the Yugoslav Government, BTM will supply equipment and technology to Iskra, the largest telecommunications and electronics company in Yugoslavia.

Jamaica to barter bauxite for U.S. dairy product imports

BY CANUTE JAMES IN KINGSTON

JAMAICA and the U.S. have agreed to barter the island's bauxite for dairy products. The first 400,000 tonnes of bauxite out of a total of 1m tonnes will be exchanged for dairy products valued at $13.6m.

The U.S. Government will add the bauxite to its strategic stockpile. The agreement brings to 3.6m tonnes the quantity of Jamaican bauxite bought by the U.S. for the stockpile in the last two years.

The swap deal is the third success *Jamaica has* scored in its attempt to counter-trade bauxite for imports it would otherwise have to fund with scarce hard currency. Previous agreements have been reached with General Motors and Chrysler in the U.S. to counter-trade raw and refined bauxite for motor vehicles.

Both governments have also reached an agreement which will allow Jamaica credits of $50m to purchase lumber and commodities from the U.S. The credit package has been extended under the export guarantee programme of the U.S. Commodity Credit Corporation and, in addition to lumber, will cover wheat, rice, corn, tallow and tobacco.

Nancy Dunne adds from Washington: The Jamaican swap deal is likely to figure more as an exception than a rule under Reagan Administration policy. Although the rest of the 1m tonnes of Jamaican bauxite ordered is also likely to be paid for on a barter basis, senior Administration officials have recommended against reviving the kind of extensive U.S. Government barter programmes conducted in the 1950s and 1960s.

The group of officials, chaired by the treasury Secretary and including the Vive-President and Secretaries of State, Defence and Commerce, has forwarded a summary of its positions to the National Security Council, requesting a Presidential decision on barter policy.

Testifying on the group's views before a Senate Armed Services sub-committee last week, Mr R. A. Cornell, Deputy Assistant Treasury Secretary, said that the barter programmes of the past had required "substantial administrative effort, and frequently resulted in *displacements* of commercial sales and limited U.S. flexibility in obtaining the least cost supplies."

Barter arrangements often involved commodities with a low priority for the stockpile, and with only $120m allocated for fiscal 1984 for acquisitions, "we could misallocate stockpile resources unless these priorities are maintained."

Barters could also affect foreign policy by provoking requests from other nations for similar arrangements and protests from competing exporting countries. A swap could also wreak havoc on the budget, he said. The General Services Administration, for instance, which maintains the stockpile, is required by law to pay the Department of Agriculture for its dairy stocks. It will be at least a year before it is repaid.

The dairy-for-bauxite deal could be a violation of the rules of the General Agreement of Tariffs and Trade (Gatt), Mr Leo Mayer, associate administrator of the Foreign Agriculture Service told the committee, since the dairy stocks cost almost twice as much to acquire as their current market value.

World Economic Indicators

FOREIGN EXCHANGE RESERVES

(U.S.$m)

	Sept. '83	Aug. '83	July '83	Sept. '82
UK	8,904	8,868	9,013	10,921
U.S.	6,911	6,657	7,271	8,630
Japan	20,452	20,238	20,748	20,205
W. Germany	37,082	36,718	38,214	35,948
Belgium	3,858	4,285	4,442	3,371
Netherlands	8,477	8,722	8,944	6,981
Italy	17,670	18,107	18,579	14,164
	Aug. '83	July '83	June '83	Aug. '82
France	18,864	18,459	15,917	11,966

Source: IMF

Soviet trade gap worries French

By David Marsh in Paris

FRANCE is to ask the Soviet Union in talks in Moscow starting today for assurances of increased plant and equipment orders placed with French contractors, which have dropped sharply in recent months.

In two days of talks with her Soviet counterparts, Mme Edith Cresson, the French Foreign Trade Minister, intends to state firmly that unless Moscow steps up long-term purchases, Franco-Soviet trade is likely to become structually one-sided.

The meeting in Moscow is the latest in the series of roughly annual gatherings of the two countries' bilateral economic commission set up under President Charles de Gaulle.

French exports to the Soviet Union have grown rapidly this year, thanks above all to big grain sales. As a result, the French trade deficit with Moscow is expected to halve this year to around FFr 4bn (£330m) from FFr 8.5bn last year.

The Paris Government however believes the drop is only temporary. As an indicator of a prospective slump in French sales, large Soviet equipment orders placed during the first nine months of 1983 plunged sharply to only FFr 950m from FFr 5.3bn in 1982.

Royal visit prompts industrial link

TWO MAJOR British and Indian companies are to co-operate in research and development of heavy electrical equipment as a result of an initiative before the weekend visit here by Queen Elizabeth, John Elliott reports from Hyderabad.

The companies are GEC and Bharat Heavy Electricals (BHEL), a large public sector company which is a major producer of power station equipment and other heavy electrical goods.

WORLD TRADE NEWS

Airbus-Boeing battle heats up

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE BATTLE in world airliner markets between Boeing of the U.S. and Airbus Industrie of Western Europe for "new generation" airliners will start to intensify now that McDonnell Douglas has decided to stop work on its own advanced technology MD-100 and MD-90 designs, as well as on its MD-3300.

The MD-100 was designed as an advanced technology medium-to long-range tri-jet airliner to replace the existing slow-selling DC-10, although the latter will continue in production for the time being.

The MD-90 was designed as a smaller aircraft, seating between 100 and 125 to fill a need below the 145-seat MD-80 (formerly the Super-80), which is still selling well. The MD-3300 was a longer-term design in the prospective 150-seater market of the late 1980s and beyond.

The McDonnell Douglas decision followed an evaluation of possible launch costs and markets, which convinced the company that the time was not yet ripe for such expensive ventures.

The launch costs of all three ventures would have been well over $4bn. It had been clear for some time, therefore, that Douglas would not be able to undertake all three, and that a choice was inevitable. Many in the aerospace industry are surprised, however, that the company has decided to axe all three.

McDonnell Douglas believes that with the world economy only now painfully struggling out of a recession that has severely eroded airline earnings and slashed new jet buying, it is not yet time for expensive new ventures.

It feels that derivatives of existing jets will be adequate for a few more years and that this gives time to ensure that the next generation of jets really does provide the major jump forward in technology that will ensure their commercial success.

McDonnell Douglas will continue for the time being to offer the DC-10, suitably refined, in the long-range market, and its MD-80 in the short-to-medium-range market.

It has already secured several years' work on the KC-10 tanker-transport for the U.S. Air Force, which will ensure the DC-10 production line stays open, and several years' work on the MD-80.

The company is not, therefore, going out of the commercial airliner business, but is clearly taking a major, even dangerous gamble. Other manufacturers either do not agree with its basic contentions or have reservations about them.

Airbus, for example, firmly believes that its prospective A-320 150-seater is a sufficiently advanced-technology jet to be launched now, for service in 1988, which is why it is pressing for government cash support in Western Europe, and marketing the design vigorously.

Boeing, which is pushing its new Series 300 version of the 737 hard, along with its bigger 757 and 767 in the short-to-medium range market, believes that it may be able to meet the A-320 competition with a new derivative of the 737, the Series 400, with new engines and wings, if not with a totally new venture, the "7 Dash 7."

Like McDonnell Douglas, Boeing does not want to become enmeshed in a totally new airliner design while it is still paying off the costs of the 757, 767 and 737-300, and this strengthens the view that it will eventually opt for a 737 derivative to meet the 150-seater competition from the Airbus A-320.

At the same time, Boeing now reckons that it can sweep the world long-range markets entirely. So far this year, it has won all the long-range jet orders with its 747—from Singapore Airlines, Qantas of Australia and Japan Air Lines — and is negotiating more. The DC-10 has been left out in the cold.

In the smaller jet market, for aircraft of around 100 seats, the McDonnell Douglas decision to stop work on the MD-90 must give British Aerospace a big new opportunity to sell its four-engined 146 regional jet airliner worldwide through the rest of this century.

The McDonnell Douglas decision has cleared the decks for the rest of the major manufacturers. If McDonnell Douglas sees a spate of new orders going to the other companies, it may be forced to change its mind and resuscitate some of its ideas. The risk that it might be too late, and could be cut out of some markets for ever, is one that McDonnell Douglas seems prepared to take.

UK aviation crunch, Page 17
Editorial comment, Page 16

THE FIRST regular transatlantic air service from Liverpool will start next May, when Wardair of Canada will fly each Saturday between Speke Airport and Toronto, via Newcastle, Michael Donne writes.

The airline will use a DC-10 tri-jet airliner and charge £287 return for the trip. Flights will continue through to the end of September. Wardair is already an extensive operator of low-fare transatlantic flights from other UK airports.

Cathay Pacific Airways, the Hong Kong flag airline, is to start its first passenger service to Continental Europe between Frankfurt and Hong Kong, via Abu Dhabi, next April. The airline has a freighter service to and from Frankfurt and also flies passengers into and out of the UK.

Initially Cathay will fly three time weekly, leaving Frankfurt on Wednesdays, Fridays and Sundays. Flights will leave Hong Kong on Tuesdays, Thursdays and Saturdays.

Paper industry boost for American South

BY WILLIAM HALL IN NEW YORK

THE U.S. PAPER industry, which accounts for about a third of world production, plans to increase its capacity by an average 1.5 per cent over the next three years, at an annual cost of $6bn. Paper and board capacity in all grades is scheduled to rise from just over 73m short tons now to 77m short tons by 1986.

Slightly under two thirds of the new capacity will be installed in the southern part of the U.S. which already accounts for 53 per cent of the country's paper making capacity. Paper and board mills in the north, which account for 15.9 per cent of existing capacity, will increase their capacity by only 11.8 per cent in the period up to 1986 and mills in the west, which account for 14.8 per cent of capacity will increase theirs by 8.4 per cent.

The forecasts are published in the latest annual survey of capacity by the American Paper Institute. Capacity has increased by an average of 2.3 per cent over the past 16 years and the API says that the effort of the recession on the amount of internally generated cash flow lies behind the modest plant expansion plans.

The industry's cash flow, measured by retained earnings plus depreciation, peaked in 1979 at just under $5bn. Since then capital spending on capacity increases and modernisation has comfortably exceeded the ability of the industry to finance itself. The API forecasts that the industry's cash flow in the current year will total just under $4bn, compared with capital spending of $6bn.

The fastest growing area of the industry is the production of printing and writing papers and net additions to capacity will total 1.55m short tons, an average growth of 2.8 per cent a year. Total papermaking capacity is scheduled to rise by 2m short tons, or an average rate of 1.9 per cent a year.

Tissue making capacity, another fast growing segment of the industry, is scheduled to rise by 0.4m short tons, an average annual increase of 2.3 per cent. By contrast, newsprint capacity, which has been growing rapidly in recent years as new machines in the south were brought on stream, is scheduled to rise at an annual rate of only 1.3 per cent, giving an additional 0.2m short tons of capacity by 1986.

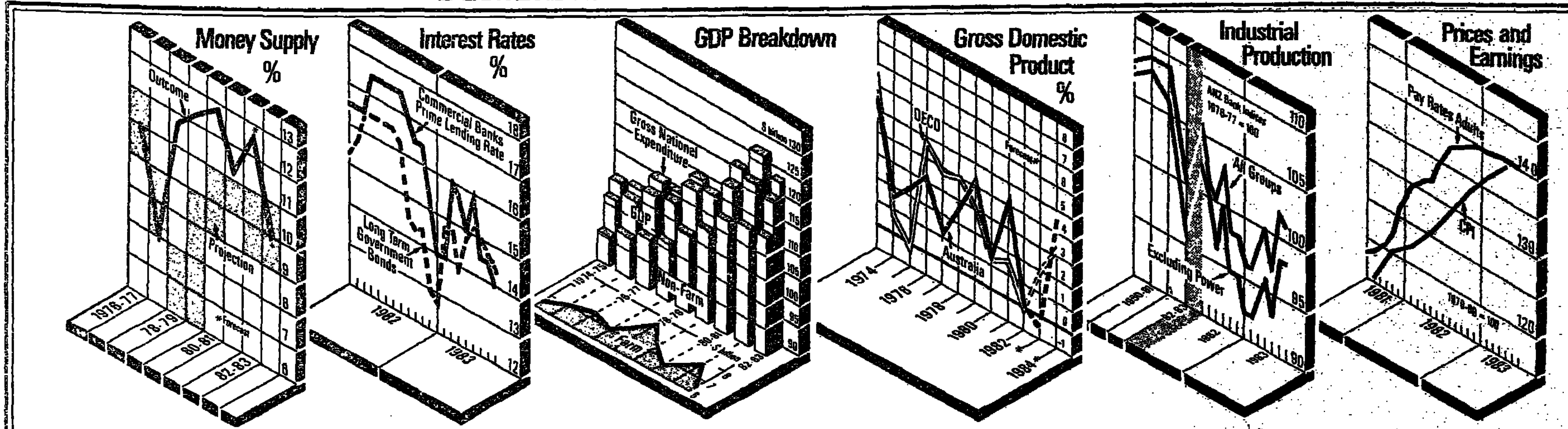
U.S. PAPER AND BOARD CAPACITY

Annual capacity increase (%)
(all grades, m short tons)

1980	70.7	2.4
1981	72.3	2.2
1982	73.1	1.2
1983*	73.7	0.8
1984*	74.9	1.6
1985*	75.9	1.5
1986*	77.0	1.4

* Forecast.
Source: American Paper Institute

STATISTICAL TRENDS: AUSTRALIA



Inflation and drought put brakes on economic growth

THE AUSTRALIAN economy has been through a severe downturn over the past two years. The combination of high inflation and the prolonged sluggishness of the world economy caused a serious weakening in activity and employment. The fall in activity was much deeper than expected and contributed to a substantial overrun on the budget deficit.

There was great volatility in interest rates and external flows, particularly in the weeks immediately before and after the March federal elections.

Australia recorded an overall balance of payments surplus of A$2,430m in 1982-83. This was the net outcome of a deficit on current account of A$6,460m and net capital inflows of A$8,890m. The major influences on the current account balance were the decline in spending, the continued sluggishness of international trade and the drought. Devaluation of the dollar improved competitiveness with the dollar's trade-weighted value in 1982-83 about 10 per cent down on the previous year.

Exports of goods were up 9 per cent in value terms mainly as a result of higher Australian dollar prices for non-farm commodities. There was also some increase in the quantities of non-farm commodity exports. In contrast, farm goods exports saw little change in prices and a small decline in volume.

The budget deficit has widened rapidly from A$500m in fiscal year 1981-82 to A$4.5bn in 1982-83. The projection for 1983-84, given in the government's first major budget in August, is for A$8.4bn. Outlays are expected to grow by nearly 16 per cent, while receipts are projected to rise by only about half this rate.

The rapid rise in unemployment has now slowed, but is likely to rise further. The labour force is set to expand this year despite immigration restrictions. Areas likely to be especially weak in employment are manufacturing, construction and the wholesale and retail trade.

The issue of uranium mining has again been prominent. A compromise was reached in early November giving the go-ahead to the new uranium-copper-gold project in South Australia, but deferring further development at other sites, and ruling out the immediate development of any other new mines.

Following the downward reassessment of U.S. reserves, Australia is now considered to possess about 20 per cent of the West's economic uranium reserves.

The picture for agriculture has been disastrous due to four successive drought years, with rural production falling by 50 per cent in real terms in 1982-83. Ironically, since the rains, the problem facing Australia is likely to be a record wheat harvest. Farmers have tried to recoup drought losses quickly by planting a bigger wheat crop. But it seems probable that other wheat growers, including Australia's customers, are also going to have bumper harvests.

Foreign investment in Australian enterprises has risen substantially in the last decade, to reach 6.4 per cent of gross domestic product (GDP).

As an economy, Australia has a considerably lower ratio of imports to GDP than other small OECD economies, and lower than the major ones except the U.S. and Japan.

Foreign investment

In Australian Enterprises

As proportion of	GDP	Net private investment expenditure
72-73	1.1	10.8
73-74	1.0	7.5
74-75	1.6	13.2
75-76	1.2	10.5
76-77	1.9	15.7
77-78	1.5	15.3
78-79	2.0	17.5
79-80	2.7	22.2
80-81	4.4	34.1
81-82	6.4	44.0

Source: ABS

Uranium (U_3O_8)

	Mine Production Tonnes	Exports Tonnes	Value $000
1979	832	1,317	102,275
1980	1,841	1,210	98,391
1981	3,446	1,625	120,044
1982	5,251	6,277	415,047

Source: Bureau of Mineral Resources

Share markets

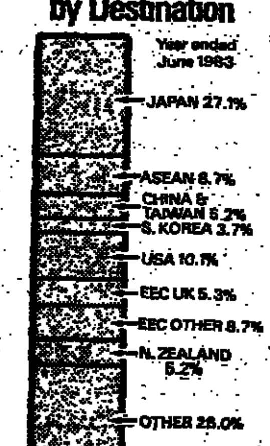
	Share Price Indices 31 Dec 1979=500 All Industrials	All Resources	All Ordinaries	Sydney Stock Exchange Ave. div. yield % p.a.	Average daily turnover of equities ($m) Industrial	Mining & Oil
80 June	655.2	659.0	611.0	6.66	6.08	11.06
81 "	760.0	675.2	708.4	5.63	10.23	5.18
82 "	641.2	348.3	479.4	7.26	9.03	5.08
83 "	744.9	489.4	603.5	6.67	8.41	6.25
July	772.7	539.7	639.0	6.25	13.60	10.25
Aug.	826.0	585.5	682.0	6.18	12.55	10.28
Sept.	876.2	686.0	720.2	6.28	9.74	13.80

Sources: Sydney Stock Exchange; Australian Stock Exchange Journal

Commonwealth budget transactions

	Outlays $ bill	Outlays % change	Receipts $ bill	Receipts % change	Deficit $ bill
1978-79	29.0	8.5	25.6	9.1	3.5
1979-80	31.7	9.1	29.6	15.9	2.0
1980-81	36.3	14.6	35.2	18.7	1.1
1981-82	41.3	13.9	40.8	15.9	0.5
1982-83	49.0	18.5	44.5	9.1	4.5
1983-84	56.7	15.8	48.3	8.5	8.4

Source: Reserve Bank



Industrial production

AT MONTHLY RATES

	Portland cement '000 tonnes	Black coal '000 tonnes	Raw steel '000 tonnes	Gas Bill Megajoules	Cars and St. wagons '000	Woollen yarn '000 kg
1975	418.1	5,585	653.6	15.8	29.2	1,656
77	418.6	6,520	609.4	20.4	26.4	1,569
79	436.9	6,928	677.1	24.3	33.6	1,702
81	502.4	8,406	636.4	34.9	29.9	1,647
82 Q1	445.7	7,087	596.1	30.8	27.1	1,413
Q2	525.0	9,712	615.0	38.6	34.5	1,779
Q3	491.7	9,823	511.7	42.1	37.2	1,710
Q4	452.3	9,224	399.6	32.5	27.5	1,479
83 Q1	362.0	8,077	406.0	30.6	20.7	1,214
Q2	386.0	8,146	451.1	39.6	23.4	1,537

Source: ABS

Exports–goods/services

1979-80 prices $mill seasonally adjusted

	Rural	Non Rural	Services	Total
1982 Q3	2,109	2,660	763	5,532
1982 Q4	2,142	2,487	739	5,368
1983 Q1	1,783	2,629	721	5,133
1983 Q2	1,622	2,572	741	4,935
1983 Q3*	1,643	2,571	745	4,959
1983 Q4*	1,703	2,634	762	5,099
1984 Q1*	2,052	2,778	759	5,589
1984 Q1*	1,969	2,883	765	5,617

* Forecasts.

Source: ABS & IAESR

Trade

TRADE Manufactures export market growth and relative export performance

% change from previous year

	1981	1982	1983	1984
	Australia			
Import Volumes	13.0	6.1	−15½	5¾
Exp. Mkt. Growth*	6.9	1.0	½	3¾
Export Volumes	−5.0	10.0	− ¼	7¾
Relative Exp. Performance	−11.9	9.0	− ¾	4
	OECD			
Import Volumes	1.1	0.6	2½	5¾
Exp. Mkt. Growth*	4.9	0.3	0	4
Export Volumes	2.2	−2.3	½	4
Relatives Exp. Performance	−2.7	−2.6	½	0

* Calculation of market growth is based on growth of import volume in exporting markets countries, with weights based on manufacturing trade 1981.

Source: OECD July 1983 forecasts

Imports

As proportion of GDP 1982

Australia	19.0	Lesser OECD	
Major OECD		Austria	39.1
U.S.	9.6	Belgium	70.7
Japan	16.0	Denmark	36.4
Canada	22.1	Greece	27.8
France	24.5	Netherlands	54.0
Germany	31.1	Norway	40.0
UK	24.8	Spain	20.1
Italy	27.0	Sweden	33.4
		Switzerland	35.1

Source: IMF National Accounts data, local currencies

Labour market

	Employment '000 seas. adjusted	Labour market	Unemployment %
Aug. '82	6,382	6,863	7.0
Nov. '82	6,342	6,943	8.7
Feb. '83	6,277	6,947	9.6
May '83	6,259	6,979	10.3
Aug. '83*	6,280	7,019	10.5
Nov. '83*	6,308	7,064	10.7
Feb. '84*	6,341	7,105	10.8
May '84*	6,360	7,149	11.0

* Forecasts.

Source: ABS & IAESR

Exchange rates

		Trade weighted index	Real effective rate*	U.S.$ against Aus$
1983	J	97.4	103.8	89.6
	F	96.8	103.7	88.2
	M	89.3	96.3	80.5
	A	87.5	94.8	79.2
	M	88.2	95.6	80.2
	J	89.4	96.8	80.0
	J	89.8	97.5	79.9
	A	91.5	99.7	80.2
	S	92.1	100.6	80.9
	O	93.2	n.a.	83.4

* T.W.I. adjusted for wholesale price of non-food manufctrs. 1980-82=100

Source: Morgan Guaranty Trust Co.

Commentary by Our Economics Staff, data analysis by Financial Times Statistics Unit; charts and graphs by Financial Times Charts Department

Engineering steel prices to rise by 4-7%

BY NICK GARNETT AND IAN RODGER

BRITAIN'S depressed engineering industries are braced for an announcement this week of a 4 per cent to 7 per cent rise in low alloy steel prices from the British Steel Corporation, the leading supplier of these products.

These would be the first price increases on engineering steels in two years, but there is considerable apprehension that they could weaken the competitive recovery of Britain's engineering industries.

Engineering steels are used for some of the hard-wearing parts of vehicles and other engineered products, such as drive shafts, axles, wheels and various types of fasteners.

The motor manufacturers, which have been campaigning to cut component costs, can be expected to resist the absorption of any significant increase in steel prices.

BSC, for its part, is worried that its prices might move out of line with those of French, West German and Italian competitors, which have been very active in the British market. Imports account for about 15 per cent of sales.

However, the corporation's costs have been rising, and will continue to rise, notably because of the recent announcement by the Government of higher gas and electricity prices.

Mr Bill Garner, chief executive of Glynwed's steel division, a major processor and stockholder of engineering steels, said "the increase in fuel prices is something we could have done without. It is very frustrating, because a lot of us have seen an encouraging trend in the past six months, and I have felt it is because we have started to be competitive again."

Mr Garner thought that the market could sustain a 4 per cent increase in the first half of next year," but they certainly must not duplicate it later in the year."

BSC's move comes at a delicate moment politically. The corporation and GKN, the other major UK engineering steel producer, recently received clearance from the Office of Fair Trading to acquire control of Lonrho's Hadfields steel business in Sheffield. They are expected to close Hadfields shortly.

RADIOACTIVE DISCHARGE ON BEACH

Inquiry ordered into nuclear plant waste

BY JOHN GRIFFITHS

THE GOVERNMENT is to launch an immediate investigation into the contamination of a beach by radioactive waste from the Sellafield (formerly Windscale) nuclear reprocessing plant operated by British Nuclear Fuels (BNFL).

Although the beach, in Cumbria, north west England, was reopened to the public yesterday. Mr William Waldegrave, the junior Environment Minister, said last night he was not satisfied that BNFL has been meeting "the high standards which now exist."

While this weekend's contamination had not exceeded safety limits "We shall assign inspectors to see how it happened. It may have been an accident, but it does not seem a very satisfactory situation."

The beach was closed on Saturday morning after low-level contamination had been found. A statement by BNFL last night said: "The small amount of contaminated material that was collected has been removed for disposal."

The material was part of waste routinely discharged into the sea by a pipeline extending 1½ miles. BNFL said the problem had been caused by two unusual circumstances, a solvent being used for plant cleaning had accompanied the discharge, "and in unusually calm weather this formed into a surface slick."

A spokesman said the slick had been spotted on Thursday, and continuous water sampling monitoring of the beach had taken place since Friday morning. The radioactivity measured within the discharge was "within normal authorisation from the regulatory agencies."

"We keep within the limits of discharge authorised and have in any case been steadily reducing both the amount and radioactive level of the discharges."

He dismissed as "rubbish" claims by the Greenpeace environmental organisation that BNFL would not have publicised the solvent slick if Greenpeace had not reported it first. According to Greenpeace the slick was the second in the area in a week. The organisation claimed that a dinghy monitoring the discharge last Monday has recorded abnormally high radioactivity

The physician Sir Douglas Black is heading an investigation into allegations made on Yorkshire Television that there is an abnormally high incidence of leukaemia and other cancers in the population around Sellafield.

MOTOR TRADES STILL PESSIMISTIC AS OCTOBER ORDERS FALL

Consumer spending sustains pace

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE LEVEL of economic activity in the distributive trades remains buoyant, according to the fourth joint CBI and Financial Times Survey of the Distributive Trades published today.

The survey, conducted between October 21 and November 13, had the highest response so far from CBI members. Some 678 responses were received, of which 363 were from wholesalers, 265 from retailers, and 50 from motor traders.

In spite of this increased response rate the CBI points out that the short time the survey has been operating means that not too much should be read into the results at this stage and their interpretation must remain somewhat tentative.

In addition, the end of October survey was only a short monthly enquiry, asking simply about the volume of sales, stocks and orders in comparison with a year earlier. The end of November survey will be a more extensive quarterly survey covering investment intentions, expectations for the general business situation, prices, employment and changes in import penetration. It will be published shortly before Christmas.

However, this month's survey clearly shows that the higher level of consumer spending in the shops reflected in Government figures is continuing. The increase in sales volume reported by companies in the year to October was the highest year-on-year increase recorded by the survey. A similar increase is predicted for the year to November.

CBI/FT SURVEY OF DISTRIBUTIVE TRADES

The survey shows significant increases in sales volume being reported by retailers, while more wholesalers also reported sales volume increases. Only in the motor trades is the situation much less buoyant. In September and October, sales volume fell in comparison with a year earlier and with participants' prior expectations.

The volume of orders placed by distributors also showed significant increase in the year to October. Increases were most widely reported in wholesaling, while orders placed by motor trades distributors fell in the period from October last year to October this year.

The survey also indicated that the volume of stocks held by distributors had increased in the year to October. However, as in previous surveys, the increase in volume of stocks was less than the rise in sales volume in both wholesaling and retailing.

Analysis of the survey figures gives the level of trade for each main group.

Retailing: Some 76 per cent of retail companies in the survey reported that the volume of sales was higher in October this year than last year, while 14 per cent reported that trade was down. This gives a percentage balance (calculated from subtracting the figure for those reporting a higher level from those reporting a lower level) of plus 62 per cent.

This balance was slightly lower than had been expected in September, but is broadly in line with the official index of retail sales volume published by the Government. Last week, these figures showed that the provisional index of retail sales volume for October was 115.5, compared with 117.3 in September.

Looking ahead, retailers are highly optimistic about a further increase in sales compared with the same month last year, as the build-up to Christmas starts. Some 79 per cent of the retailers surveyed expected sales volume to be higher next month in comparison with last year. Only 5 per cent expected sales volume to be lower, while 15 per cent thought it likely to be the same. This is the highest level of expectations about sales volume from retailers since the survey began.

The volume of orders placed by retailers in October was significantly higher than in the same month a year ago. The balance was plus 49 per cent. This was broadly in line with retailers' September predictions. A similar increase is forecast for the year to November.

The volume of stocks held by retailers is also higher than a year ago, and the increase is more widely reported than in the previous three surveys. However, the increases in stocks have not been as widespread as in sales. Retailers expect a further increase in stocks in the year to November.

The results for this sector suggest a more buoyant situation in wholesaling than indicated in the previous three surveys.

Some 77 per cent of the sample reported a higher volume of sales in October, with only 7 per cent reporting a downturn in comparison with the same month last year. This gives a balance of plus 70 per cent, and contrasts sharply with the expected balance in September of only plus 32 per cent.

TUC asked for help over printing dispute

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE TRADES Union Congress (TUC) is to be asked today for its help in resolving the dispute at the British Printing and Communication Corporation's Park Royal plant in north London following the decision at the weekend by Mr Robert Maxwell, BPCC's chairman, to dismiss the plant's employees.

This fresh development in the long-running BPCC wrangle came as talks went on with the Advisory, Conciliation and Arbitration Service (Acas) over a separate print dispute at the Messenger Group of newspapers near Manchester.

Both disputes pose a threat to the Government's labour legislation – the BPCC stoppage because of the secondary blacking being practised by the general print union Sogat 82, which threatens to get worse today, and the Messenger dispute because of the expected defiance by the craft union, the National Graphical Association (NGA), of a court fine of £50,000 for contempt.

The outcome of the Acas talks in the Messenger dispute looked gloomy last night. The NGA seemed unwilling to alter its insistence that the group's new titles should have a closed shop with the union, and the group under its chairman Mr Eddie Shah, looked set to maintain its view that there should be no such provision.

Acas officials, led by Mr Dennis Boyd, chief conciliation officer, managed to draw both sides together in talks yesterday, but progress was slow.

The NGA is likely to maintain its picketing of the group's premises in Warrington, despite last week's fine by a Manchester court for its failure to comply with an injunction to halt its activities.

The TUC's employment policy committee is expected today to urge the NGA to comply with the court's decision, though in turn the NGA national council tomorrow is thought likely to refuse to do so, placing at risk of sequestration the union's funds.

Local NGA officials have acknowledged that unemployed union members are being given living expenses for manning the picket line at the Warrington plant, at a rate of £10 plus some money for drinks. Some of the unemployed asked to take part refused even though they claimed that three days picket duty would have stripped their dole money.

In the BPCC dispute, which is expected to be discussed by Sogat's executive council today, Mr Maxwell said yesterday that he would be contacting Mr Len Murray, TUC general secretary, today over the dispute at the Park Royal plant. Machine assistants and electricians at the plant are in dispute over manning and wages levels.

Shell pickets threaten airport refuelling

BY PHILIP BASSETT, LABOUR CORRESPONDENT

AIRCRAFT REFUELLING at London Heathrow and Birmingham airports will be threatened today as a result of a decision by shop stewards at a strikebound Shell UK oil refinery to extend picketing of the company's sites.

While the extension of the picketing clearly raises the option for the company of trying again to enforce the court injunction it obtained against refinery workers at Stanlow Cheshire, to stop secondary picketing, stewards were confident last night that the force seemed to have left Shell's legal initiative. They were buoyed by indications of the company's embarrassment about its lack of success.

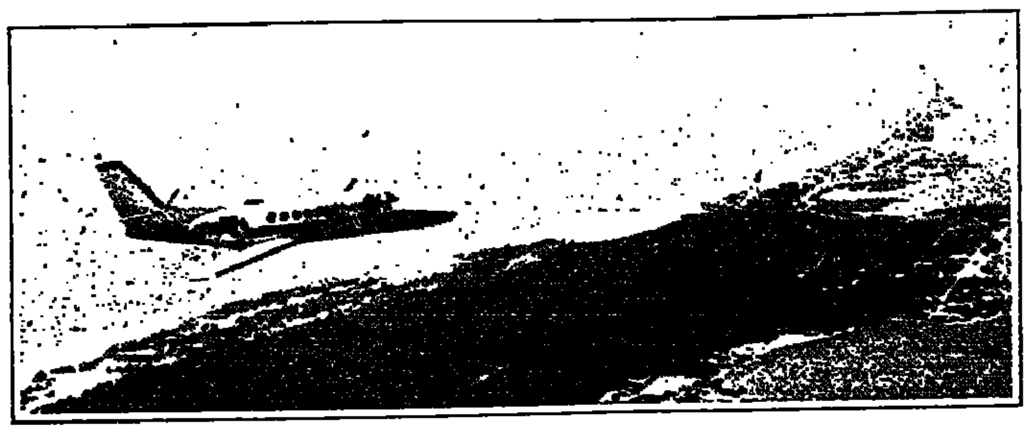
The Stanlow stewards met to consider the decision by Shell's 1,750 oil tanker drivers to call off from this morning their five-day-old overtime ban and work-to-rule. Their stewards are now recommending acceptance of a slightly improved pay offer, based on increases of 4.5 per cent.

Stewards for the refinery workers accept privately that this decision – especially if the drivers accept it – places great pressure on Shell's refinery workers to end their four-week-old dispute over a similar pay offer.

However, the Stanlow stewards decided yesterday that refinery workers had originally begun a campaign against their offer without support from the drivers, and that if the drivers now settled they would continue with their own campaign.

Shell was unsure last night about the likely effect on aircraft fuel supplies, preferring to wait until it could assess the affect of today's action.

Picketing at Heathrow may be difficult because the airport's supplies are piped to a distribution depot, and not delivered by tanker. This depot is well inside the Heathrow site and pickets may decide to mount their operations at the airport boundary.



Pressure to reform Commons legislative procedures mounts

BY PETER RIDDELL, POLITICAL EDITOR

PRESSURE to reform the procedures of the House of Commons for considering legislation will be renewed today when Members of Parliament consider a Government proposal imposing a guillotine to limit further debate on the contentious Telecommunications Bill.

Several MPs from both sides of the House, including some who were newly elected last June, are expected to protest about the way the bill has been discussed by the small standing committee of MPs. This is still considering the third clause of the 94-clause bill after nearly 80 hours of debate.

This is a repetition of events last winter when the committee spent over 100 hours considering virtually the same clauses before a guillotine was also brought. The original bill fell when the general election was called.

Under present procedures, there is little incentive to conduct orderly discussions in committee on many controversial bills since opposition MPs know there is sure to be a guillotine. The result is often rambling debates with Government backbenchers discouraged from intervention.

When the guillotine on the original bill was imposed last February, more than 100 MPs signed a motion criticising present procedures for militating against "constructive, relevant and concise debate" and calling for a review "to ensure more structured consideration of bills."

These calls have been repeated this autumn and Mr John Biffen, the Leader of the Commons, has talked encouragingly about the formation of a new all-party procedure committee

The advocates of reform will be looking to Mr Biffen to expand on his views today, when he opens the three-hour Commons debate on the guillotine.

Although dissatisfaction on this issue is cross-party, Labour may be reluctant to surrender one of its traditional weapons against the Government in favour of timetable motions from the start.

BT strikers stay out

BY PHILIP BASSETT, LABOUR CORRESPONDENT

LEADERS of the Post Office Engineering Union (POEU) are expected to resume talks with British Telecom management tomorrow about a return to work formula for about 1,000 strikers who were due to end their action last week, but were then kept out after talks failed.

The strikers, mainly in the London area, have now been instructed not to return to work this morning, but instead to maintain their action, which is part of the union's campaign against the Government's plans to privatise BT.

However, if tomorrow's meeting is able to resolve differences between the two sides – thought to centre on the dismissal threats outstanding against 57 of the strikers, and BT's warnings of court action against the campaign – then the strikers could return to work.

POEU activists will today try to keep up the momentum of the campaign at a meeting in London of branch officials, which will put pressure on the executive to keep out all the current strikers, despite the spiralling costs of the dispute.

LONDON BUSINESS SCHOOL'S FINANCIAL OUTLOOK

Radical changes urged to cut long-term rates

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

A RADICALLY altered financial strategy aimed to bring down long-term interest rates is urged today by the London Business School's centre for economic forecasting.

The proposals are made in the first issue of a new quarterly Financial Outlook which the centre is to publish as a companion to its regular forecasts and commentaries in its Economic Outlook.

The main article in the new quarterly, by Mr Giles Keating, suggests that the Government's present strategy will fail to bring long-term interest rates down far enough to revive the market for long-term borrowing by industry.

This failure, he says, will have adverse consequences for the growth of the money supply, and for expectations about future inflation.

He says: "There can be little doubt that reducing inflation and expectations of future inflation is a necessary condition for a sustained reduction in interest rates. The Government has already achieved considerable success in lowering inflation and spreading the belief that it will stay low. Yet the impact on interest rates, particularly long-term rates, has been disappointing.

"Until interest rates do come down, the Government will have failed to capitalise on its success in lowering the public borrowing requirement to create conditions for non-inflationary growth."

During much of the 1960s, when inflation was similar to that expected in the next four years, long-term interest rates were typically some 2 to 3 percentage points higher than the inflation rate.

However, the school's projections suggest that the present gap of 5 to 6 percentage points between interest rates and the forecast inflation rate is likely to continue for the next year or so and then decline

Mr Keating believes that in the last two financial years Government policies have, if anything, worsened the gap between long-term rates and inflation.

In 1981-82 and 1982-83, the authorities sold more gilt-edged stock than was required to fund the public sector borrowing requirement. This "overfunding" tended to push up long-term interest rates.

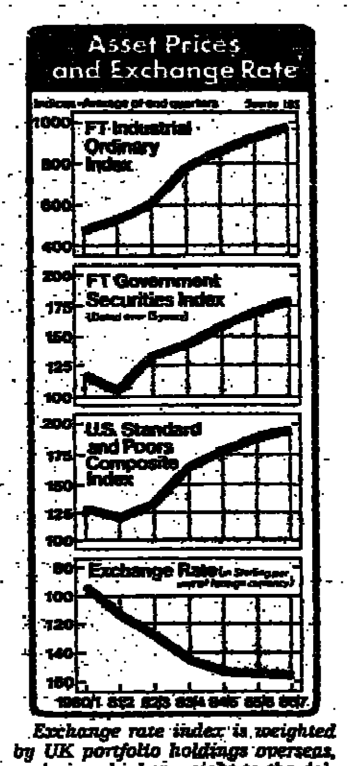
The authorities used the extra cash to buy commercial bills from the banking system as a means of supplying short-term funds to the money markets and so preventing short-term interest rates from rising.

As a result of this policy, the authorities had built up a portfolio of about £8bn of commercial bills bought essentially with the proceeds of sales of gilt-edged stocks.

He suggests an alternative policy to try to break the impasse. This would involve:

- A reduction in the sales of gilt-edged stock.
- A running down of the present portfolio of commercial bills.
- Tax incentives to companies issuing debentures.
- An announcement that short-term interest rates would be cut once the debenture market revived, and the shift of company borrowing started to reduce money supply growth.

Mr Keating says the key to this alternative policy would be to convince the financial markets that before long the policy would lead to lower short-term interest rates and to reduced monetary growth.



Exchange rate index is weighted by UK portfolio holdings overseas, and gives higher weight to the dollar than the Bank of England trade-weighted index. Higher index numbers mean lower value of sterling.

Financial Outlook, quarterly by the London Business School's centre for economic forecasting. Subscription: UK £150, Europe, $300. From Gower Publishing, Gower House, Croft Road, Aldershot, Hampshire.

Mine union warns on jobs and technology

BY PHILIP BASSETT, LABOUR CORRESPONDENT

MINERS' LEADERS have put to the National Coal Board (NCB) far-reaching new proposals, including a call for a four-day, 28-hour week with no loss of pay, as the basis of a deal for the introduction of new technology in the coalmining industry.

The National Union of Mineworkers (NUM) fears that new technology could mean the loss of at least 100,000 jobs in the industry by the end of the century.

The NUM has therefore made an urgent demand to the NCB to negotiate the introduction of new technology, and has presented a draft new technology agreement which aims to guarantee that the benefits of new technology go directly to miners.

The main points of the NUM's draft proposals include:

- A four-day, 28-hour working week, with no loss of pay
- Early retirement at 55 for all miners
- Longer holidays and radically improved working conditions
- Skill retraining and the opening up of jobs for young people.

The NUM rejects the use of new technology to cut employment. Its proposals stipulate that the union be kept fully informed of all research and development plans; that the NCB discuss with the union from the earliest stages the introduction of new equipment; and that all technological change should be negotiated.

Without such an agreement, the union argues, the danger to miners from new technology includes a 100,000-plus job loss by the year 2000, loss of skills, new health hazards, greatly increased management control and the centralisation of power as well as loss of miners' bargaining power.

Much of the NUM's argument is based on examination of the introduction of new technology in the industry being carried out by the Working Environment Research Group at Bradford University. The group calculates that about half the job losses stemming from the fall in mining employment from 602,000 in 1960 to 287,000 in 1971 can be attributed to new mining techniques.

The NUM claims that miners face even more dramatic job losses, since the research group predicts that computerised mining systems could take half to three-quarters of current mining jobs without any fall-off in coal production.

The NUM says that more than 40 per cent of NCB mines are now equipped with at least one part of the computer-based Mine Operating System (Minos). The union says that this piecemeal introduction of Minos has hidden the scale of the NCB's automation programme.

The sub-systems in use include: Fido (Face Information Digested Online system), designed to reduce delays by coalface monitoring, which the NUM claims is like the lorry drivers' tachograph, the so-called "spy in the cab," Impact (In-built Machine Performance and Condition Testing), a fault prediction system which the NUM claims will replace craftsmen; Midas (Machine Information Display and Automation System), which automates coal shearer steering systems, possibly doubling productivity – 20 of these are due to be installed in 1983-84; and automated systems for face alignment and face supports.

The NUM says that manning at a pit with advanced Minos is 68 per cent of that at a conventional colliery.

State property agency continues staff cuts

BY MICHAEL CASSELL

The Property Services Agency (PSA), which develops and maintains the Government's world-wide civil and defence estate, raised another £61m through property sales in its last financial year.

Surplus property sales, which form part of the PSA's continuing estate rationalisation programme, have now raised £208m in the last three financial years. In 1982-83, about 1.3m sq ft of office accommodation was sold off.

The value of the PSA's total UK estate is estimated at about £10bn, of which £7bn is accounted for by defence establishments. Its civil operations involve around 130m sq ft of floorspace.

The contraction in property requirements follows continuing reductions in the number of people employed within the PSA. Total employment in March this year stood at 28,631 against nearly 39,000 in 1979, a fall brought about by a combination of voluntary and compulsory redundancies and by the increasing use of private sector manpower.

The PSA has also continued to pursue an aggressive energy-saving programme throughout its establishments, and reductions in energy consumption are now estimated to be saving up to £150m a year.

But despite the rationalisation and cost-savings programmes, the PSA's total workload during 1982-83 rose to £2bn against £1.8bn in the previous 12 months. Of the total, £1.3bn was spent on major works programmes, mostly involving defence operations.

Announcing the figures, Mr Montague Alfred, the PSA's chief executive, said: "The pattern of expenditure has changed. Defence, affected by both the ending of the impact of the 1980 moratorium and developments in the South Atlantic, has become even more significant, accounting for some 70 per cent of our works expenditure."

Mr Alfred said that total PSA expenditure was budgeted to rise this year by a further 10 per cent in real terms and by another 5 per cent in 1984-85. By then, the Agency's workload would be running 30 per cent above the levels set in 1981-2.

Mr Alfred said that the PSA had in 1982-83 handled a 15 per cent incease in its works programme while reducting staff numbers by over 5 per cent.

Move to regenerate engineering

By Arthur Smith, Midlands Correspondent

AN INITIATIVE aimed at regenerating the engineering industry, which is crucial to the prosperity of the troubled West Midlands, has been launched by Coopers & Lybrand Associates, the management consultancy arm of the accountancy firm, in partnership with Warwick University.

Mr John Butcher, Trade and Industry Minister with special responsibility for the region, welcomed the joint action to form a "centre for manufacturing renewal".

"The aim is to change the culture of manufacturing management," Mr John Wallace, a director of Coopers & Lybrand Associates and a former director of production engineering at British Leyland, said.

He complained that many companies see the introduction of high technology as an end in itself, without analysing how it should be integrated with other management disciplines.

Coopers & Lybrand management consultancy, one of the largest in the UK with a staff of 350, believes its expertise in financial management, sales and marketing can provide a total package in conjunction with the technology available at Warwick University's Department of Engineering.

Professor Kumar Bhattacharyya, Lucas Professor of Manufacturing Systems at Warwick, has argued that for too long British management has been "concerned with managing in a confrontation situation."

The problem now is not merely one of industrial relations and management but one of harnessing all the resources available.

Professor Bhattacharyyas unit at Warwick has been closely involved in research and development into new technologies and manufacturing systems. But the key to business success he said, was an effective blend of the disciplines involved.

"In a heart or lung transplant it is not merely a question of whether the heart or lungs can be made to work efficiently. It is a matter of compatibility between the tissues involved." To that end, Coopers & Lybrand is seeking with Warwick University the means by which companies could harness new technology to their business objectives.

The new centre, directed by Professor Bhattacharyya but managed by Dr Daniel Park, an industrial economist seconded by Coopers & Lybrand Associates, would use actual companies in a "laboratory-type experiment."

The prime target would be companies employing 100 to 1,000 workers

The research, advice and training made possible by the centre would help manufacturing industry to understand the mechanisms and technology necessary to meet increasingly aggressive business competition, Mr Wallace said yesterday.

Professor Bhattacharyya added that the centre would study examples of companies and sector industries, private and public, to understand the strategic problems affecting engineering manufacturing competitiveness.

UK NEWS

IMPORT THREAT TO MILK DELIVERIES "EXAGGERATED"

Dairymen whip up defence of a British tradition

BY RICHARD MOONEY

THE LIFE expectancy of the British milkman has been in doubt ever since the European Commission first cast an unfriendly eye on Britain's protected market for liquid milk some years ago.

The threat that Continental milk will be allowed into the country to compete with supplies from the Milk Marketing Board was publicised from the outset by the country's dairy industry as tantamount to a death warrant for this much-loved British institution.

The appearance of French-produced UHT (ultra heat treated) milk on British supermarket shelves at prices 5–7p a pint lower than the delivered price would, it was argued, destroy the doorstep delivery market. Many of the 75,000 people employed in the country's milk processing and distribution industry would be thrown out of work and people living in remote areas would have to go without their milk because they were unable to get to the shops.

If only 10 per cent of people switched from delivered milk to shop-bought milk the doorstep delivery system would become uneconomical and would die out, the Dairy Trade Federation (DTF) claimed.

The battle was effectively lost back in February when the European Court ruled, as expected, that a blanket ban on milk imports was an "excessive" method for protecting against human and animal health risks.

A half-hearted reaguard action aimed at retaining some realistic market protection ended last Thursday when the House of Commons voted by a considerable majority to allow milk imports while erecting only relatively modest barriers in the form of health checks and packaging and labelling requirements.

The DTF was particularly disappointed that Parliament decided to abide not just by the letter of the European Court ruling – by allowing UHT milk imports – but also by its spirit – by opening the door to sterilised milk and frozen UHT cream imports as well.

Still licking its wounds, the dairy trade has now managed to adopt a more constructive approach to the new situation. Gone are the scare stories about the disappearance of the doorstep pint of milk and widespread job losses. "We must now concentrate on competing with cut-priced Continental milk," said a DTF official.

And it is playing down the threat to its market share. "The British consumer does not like UHT milk," said the official, pointing out that UHT still had only a 1 per cent share of the UK market. Continental UHT will be cheaper, because its production is subsidised and health standards are less strictly enforced, the DTF says, but it is optimistic that the challenge to its market can be fought off.

"The impact of cut-priced UHT milk has already been blunted somewhat by appearance of British-style milk at discounts of up to 3p a pint in some supermarkets," the DTF official added.

But there is no denying that the imported milk will tend to quicken the drift away from the doorstep. In 1982/83 less than 84 per cent of the 6.134bn litres of milk sold in England and Wales was delivered to the door.

Fiat UK in line for profit this year

By Kenneth Gooding, Motor Industry Correspondent

FIAT'S subsidiary in the UK will be marginally profitable in 1983 compared with £4m loss last year, Mr Peter Quaglia, managing director of the British company, says.

Fiat Auto (UK) has, therefore, recovered from record losses of £49.4m in 1980. Only two years before, in 1978, its profit peaked at £5.43m.

The company has changed shape this year, however, because the Lancia car business was separated from Fiat Auto (UK) and is now handled by a Heron group subsidiary. Lancia is a wholly-owned offshoot of the Italian group.

In the past nine months Fiat Auto (UK) has been significantly restructured, a process which resulted in a 25 per cent reduction in jobs. The company now employs 379.

Mr Quaglia claims that the dealer network has doubled its profitability this year compared with 1982 after extensive pruning and strengthening. He expects that Fiat Auto's vehicles sales in Britain will improve this year by about 12 per cent from about 44,000 in 1982.

Registrations of cars along by the end of October increased from 39,013 to 42,197. However, as the improvement did not keep pace with the 16 per cent jump in total new car sales, Fiat's car market share fell from 2.84 to 2.64 per cent.

Mr Quaglia forecast a steady improvement in annual sales as new products are introduced to the UK. Next year he believes Fiat will claim "well over" 3 per cent of the market, because the new "Supermini," the Uno, will be available for the full year (and should account for 30 to 35 per cent of total sales in 1984) and the new family-sized Regata saloon will be launched in Britain next March.

● Portuguese-built, four-wheel-drive vehicles in direct competition with BL's Land Rovers have been launched in Britain.

The import company has so far taken delivery of 150 vehicles from the UMM group in Portugal and expects to sell about 600 in the first full year of operation. Mr Mike Thompson, who is behind the scheme, said yesterday that nearly £1m had been put into the import business, called Transterrain.

Tory strategy criticised

BY PETER RIDDELL, POLITICAL EDITOR

THE AIMS and themes of the Government should be presented in a more positive way, Mr David Howell, the former Transport Secretary, argued yesterday.

He told a Conservative Party conference in Colchester, Essex, that his concern was with "spreading the ownership of shares and bonds, encouraging employee share ownership, home ownership, more effective dispersal of state assets into private hands, and greater freedom for individuals in investing the funds accumulated for their pensions."

In particular, he argued for "very vigorous steps now," particularly through tax reform and reductions, to reverse the decline in personal share ownership.

Since he was dropped from the Cabinet after the June general election, Mr Howell has adopted the role of "candid friend."


HERE IS THE STEADIEST ENTRY
OF YOUR BALANCE-SHEET.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Nov 22-24
Entertainment 83 (Eastbourne (0323) 37841) **Harrogate**
Nov 27-Dec 3
International Building and Construction Exhibition—INTERBUILD (01-486 1951) **N.E.C. Birmingham**
Nov 28-Dec 1
Health and Safety at Work Exhibition (01-688 7788) **Wembley Conference Centre**
Nov 30-Dec 4
World Travel Market (01-643 8040) **Olympia**
Dec 1-4
Bristol Bicycle Show (Bristol (0272) 650465) **Exhibition Centre**
Dec 5-8
Royal Smithfield Show and Agricultural Machinery Exhibition (01-235 9315) **Earls Court**
Dec 13-15
Automatic Testing and Test Instrumentation Exhibition and Conference (Market Hill, Bucks (02802) 815226) **Brighton**
Dec 14-15
Exhibition and Conference Industry Trade Event (Shepperton (09822) 43866) **Cunard International**
Dec 15-18
Your Computer Christmas Fair (01-643 8040) **Wembley Conference Centre**
Jan 4-8
Caravan, Camping, Holidays and Travel Exhibition (Bristol (0272) 650908) **Bristol**
Jan 4-15
London International Boat Show (Weybridge (0932) 54511) **Earls Court**
Jan 7-12
Harrogate International Toy Fair (01-226 6653) **Harrogate**
Jan 16-19
Pipelines, Pipework, Pumps and Valves Exhibition and Conference (01-637 2400) **NEC, Birmingham**

OVERSEAS TRADE FAIRS

Nov 18-22
ArabBuild '84—fourth Middle East Building and Construction Show and Conference (01-486 1951) **Bahrain**
Nov 22-24
British Engineering Products and Services Exhibition (01-729 6077) **Amsterdam**
Dec 2-5
Autumn/Winter Ready-to-Wear Fashion Fair — PORTEX (01-493 0212) **Porto, Portugal**
Dec 5-10
International Chemical Industries Exhibition—INTERCHIMIE (01-439 3964) **Paris**
Dec 6-10
International Machine Tool and Metal Working Exhibition (01-486 1951) **Jakarta**
Dec 8-11
International Fair for Clothing Fabrics and Ready-to-Wear — Textilia 83 ((031) 222.366) **Thessaloniki, Greece**
Jan 10-13
Masstransit Show (01-891 2606) **Singapore**
Jan 11-16
International Lighting Exhibition (01-439 3964) **Paris**

BUSINESS AND MANAGEMENT CONFERENCES

Nov 23-24
BIM: Managing in tomorrow's world (Corby Northants (053 63) 4222) **Piccadilly Hotel, W1**
Nov 24
Henley Centre: Forecasts of leisure time activities and spending (01-353 9961) **Cumberland Hotel, W1**
Nov 29-30
FT Conference: World telecommunications (01-621 1355) **Royal Lancaster Hotel, W2**
Dec 1-2
FT Conference: Venture capital financial forum (01-621 1355) **InterContinental Hotel, W1**
Dec 6-8
CSP: Containerisation Asia 1983 (01-330 3811) **Hong Kong**
Dec 6-8
FT Conference: World banking in 1984 (01-621 1355) **InterContinental Hotel, W1**
Dec 7
First annual European methanol conference (Houston 713/652-0576) **Brussels**
Dec 7
Chatham House: American economic policy and transatlantic trade (01-930 2233) **Chatham House, SW1**
Dec 7-8
Lloyd's Shipping: tankers — where's the miracle? (01-247 9461) **Press Centre, EC4**
Dec 8-9
International Herald Tribune/Oil Daily: Oil and money in the eighties (Neuilly Cede France (33-1) 747 1285) **Park Lane Hotel, W1**
Dec 11, 12
MEED: banking in the Arab Gulf (Bahrain 245247) **Bahrain**
Dec 14
Circuit Plan: Cable television (01-221 3417) **Park Lane Hotel, W1**
Dec 14
Eurofi and the BOTB: European Development Fund (Northill Beds (076727) 680) **London Business School**
Dec 14-16
IFHP/IULA: Changing roles for local and regional government in environmental management (70-244577) **Maastricht, Netherlands**
Dec 15
ESC: acquiring a company (01-640 2273) **Kensington Palace Hotel, W8**
Jan 1
CBI: equal pay for equal value (01-379 7400) **Centre Point, WC1**
Jan 12, 13
Brunel Management Programme: alternative futures—using scenarios in strategic planning (Uxbridge (0895) 56461) **Brunel University, Uxbridge**
Jan 16, 17
FT Conference: aerospace in Asia and the Pacific basin (01-621 1355) **Singapore**

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

UK NEWS

Greater energy competition predicted

By Maurice Samuelson

BRITAIN's energy market in 1995 will be characterised by rival fuels competing keenly for industrial and commercial customers, according to a new set of energy forecasts.

They suggest that shortages will stem not from lack of energy supplies, but from lack of customers to use all the available forms of fuel.

The forecasts, by Mr James Buckley, senior consultant of Cambridge Information and Research Services (CIRS) also underline the quandary of Britain's fuel utilities faced with Government pressures for higher prices when the customer increasingly dominates the market.

Consumers can apparently expect to be reasonably well assured of access to all forms of energy throughout the coming decade, assuming no major world hostilities. In addition to being able to engage in keen purchasing, they will be able to demand better service from the fuel suppliers.

Called "The Energy Markets to 1995," the CIRS report foresees a lower growth rate in the UK energy market than that predicted by the Energy Department's evidence to the inquiry on the proposed Sizewell B nuclear power station.

Government projections of energy demand by the year 2000 ranged from 398m tonnes of coal equivalent (mtce) to 431.8mtce. The CIRS projections for 1995, calculated on what it calls a useful heat basis, range from 327 to 358mtce.

The CIRS forecast for the industrial market for energy is particularly bleak. Even in the most optimistic of its three scenarios, it sees no chance of the industrial market recovering from the 25 per cent drop in energy demand which occured between 1979 and 1982.

Instead it expects consumption in 1995 to remain at 20 per cent below that of 1979, while the low growth projection shows no net increase in consumption between 1982 and 1995.

The report blames the poor outlook for greater industrial energy use on the steady change from relatively fuel-inefficient heavy industry to light industry and services. Where growth prospects do exist, the report says they are likely to be offset by the effects of greater investment in energy conservation.

The flat growth pattern also conceals the contrasting fortunes of the different fuels. In the industrial market, CIRS expects gas to increase its share from 33 per cent to 36 per cent by 1990, easing back to about 33 per cent by 1995.

Solid fuel, including coking coal, has lost 31 per cent of its market in the past three years. Its share is expected to improve from the current 21 per cent to 25 per cent by 1990, with a further rise to 28 per cent by 1995.

Oil emerges as the main loser in the industrial market. Its use is expected to decline to about one fifth of the industrial load by 1995, having dropped by 37 per cent in the three years to 1982.

CONSTRUCTION CONTRACTS

Cementation wins £8m piling job

CEMENTATION PILING AND FOUNDATIONS, a member of the Trafalgar House Group, has been awarded a contract worth about £8m. This is believed to be the largest piling and diaphragm walling job to be let in the UK. It is to provide foundations and associated work for a shiplift and quay walls for the new covered shipbuilding facility for Vickers Shipbuilding and Engineering at Barrow-in-Furness, a subsidiary of British Shipbuilders. The work comprises 285 large diameter and 58 small diameter piles plus over 52,000 sq metres of diaphragm walling. Large diameter piles of 1.2 metres diameter will be socketed about 10 metres into the underlying marl which is at a depth of up to 35 metres. The diaphragm walling, 1 metre thick, similarly extends to a depth of 45 metres. Construction of the piles will be carried out under bentonite using Cementation's own Cemdrill piling rigs mounted on large crawler cranes. Piles will be permanently cased to a depth of about 20 metres, installed using heavy duty vibrators. The diaphragm walling will be carried out using rope grabs suspended from crawler cranes. The work *involves* excavation through recently placed hydraulic fill into the underlying glacial till and marl. Main contractor is Sir Alfred McAlpine and Sons (Northern).

★

WILLIAM WEAVER, the Bromsgrove-based construction group, has signed a contract worth £1.27m for 60 homes at Copcutt Hill, Droitwich, for Wychavon District Council. The mixed development includes houses, bungalows and bed-sit accommo*dation and work is scheduled for* completion by Christmas 1984.

Japanese to build £34m incinerators

MITSUBISHI HEAVY INDUSTRIES (MHI) has won a Singapore order for what is claimed to be the world's largest incineration facility. The S$106m (£34.12m) turnkey order, won from the Ministry of Environment in co-operation with Mitsubishi Corpn, calls for construction of five incinerators, each capable of disposing of 552 tons daily, at Tuas in the Jurong industrial site. Construction is expected to be completed in August 1986.

★

A £1.5m contract to provide new centralised offices for South Cambridge District Council has been won by Bristol-based JT DESIGN BUILD.

The 42,000 sq ft three/four-storey block, to be built in Hills Road, will have a basement car park, and will be constructed with an in situ concrete frame, brick cladding, and a slate roof. The contract is the second JT has won in Cambridge this year, and together with the earlier contract for offices and high technology development for Cambridgeshire County Council, brings the total value of JT's work in Cambridge to more than £12m.

★

BRITISH AEROSPACE DYNAMICS GROUP, Bristol division, has a £1m contract to supply an electromagnetic environment simulator to the Royal Air Force. The simulator, which will be the first of its kind to enter service with the RAF, is based upon an advanced multi-processor, which coupled to radio frequency signal generators provides a means of creating high fidelity representations of the complex emissions to be observed from modern radars.

★

HORSTMAN DEFENCE SYSTEM, a subsidiary of the EIS Group, has been awarded a contract worth over £500,000 by the Ministry of Defence, for the supply of elevation and traverse gearboxes for the Challenger main battle tank. The gearboxes are used to elevate the main gun and rotate the tank turret automatically or manually or in conjunction with the tank's fire control sytem. Horstman has supplied these gearboxes for all the Army's *recent main battle tank* requirements.

Tilt-up builds the factory faster

Glenrothes is the scene of an innovation in construction. A factory in the Southfield area of the New Town is being erected by the "tilt-up" method, in which reinforced concrete wall panels are cast horizontally and lifted into position. It is believed to be the first time that the technique, pioneered 25 years ago in the U.S., has been used for a major building in this country.

Tilt-up is a quick method of erecting simple box-shaped buildings for factories, warehouses, superstore, etc. It is said to compare favourably in cost with other forms of construction. Building time can be cut significantly in the Glenrothes case to 22 weeks compared with 36 weeks needed for other types of building.

The factory provides about 3,700 sq metres, some 10 per cent of which is two-storey offices. Overall building dimensions are 84 x 42 metres and *it is 7.5 metres in height.* A 150 mm thick reinforced concrete ground floor was paid in 7 metre wide bays, and this slab was then used as a casting bed for the reinforced concrete wall panels.

For tilt-up construction the ground *slab* is sprayed with a debonding agent, which also acts as a curing compound. A second coat of this substance is then applied as a debonding compound for the walls. Timber forms are placed along the sides and reinforcing steel fixed, together with fixings for attaching lifting equipment and props. The latter hardware plays an important part in the speed of the technique, since lifting shackles are quick-release and the props are light and adjustable for coarse and fine plumbing of panels.

Contract manager John Sisk and Son has the UK franchise from the Burke Company (California) for this specialist equipment.

The walls are cast in continuous strips which are subsequently cut into manageable sections, about 7 metres wide and weighing about 22 tonnes. At Glenrothes the sections of wall panel were lifted and positioned using a large mobile crane.

Careful planning of the sequence for casting and erection of the walls is vital to keep crane movements to a minimum; a panel can be lifted and placed in about 10 minutes, but each crane movement takes about 20 minutes, so their effect on overall construction time is critical.

Roof construction is of a steel frame supported on the concrete walls and intermediate steel columns, and composite aluminium/fibreglass/steel cladding carried on galvanised purlins.

Contract price for the Glenrothese factory is £584,000.

Wall slabs being raised into position at Glenrothes

£25m steel order for Conder

CONDER INTERNATIONAL, Winchester, specialist in steel-framed buildings, has received over £25m worth of orders in the last few weeks. The latest batch, worth £12.3m, have been obtained in the south of England, in addition to £12.8m in the Midlands and North.

The orders include: for Norwich Union: £4.2m office scheme in Woking, and another £2.6m office scheme in Camberley; for Wirral Metropolitan Borough *Council: £6.5m contract for two* office buildings in Birkenhead, private hospitals: £1.4m in Torbay, for Bioplan and £2m in Leeds for Methley Park Hospital for Caldair Independent Hospital Co; for GLC: £0.9m Thames barrier exhibition building; warehouse units worth £1.25m in Fulham for Lowtherstar.

★

VAT WATKINS has been awarded contracts valued at more than £4.7m in the last month. Work includes modernisation, fire precautions and refurbishment for the London Borough of Barnet (£1.79m); housing for Harlow District Council (£996,000); building for the South East Territorial Auxiliary and Voluntary Association at Rochester (£548,000); rehabilitation work for the London Borough of Newham (£323,000); building and refurbishment at Brixton Police Station (£200,000); modernisation of flats and other properties for the District Council of Welwyn Hatfield (£168,000); and remedial work for the DoE/PSA at St John's Wood Barracks (£130,000).

★

MANSTON (LAND DEVELOPMENTS) of Leeds, has commenced work on its £1.5m Haw Bank House office scheme *in* Cheadle, Cheshire. This is the first South Manchester office development site acquired by Manston, a member of the Kspley-Tyas Property Group, and when completed will offer more than 14,500 sq ft of prestige office space. The project incorporates the Georgian facade of an existing building which, upon completion, will provide new office accommodation on two floors. There will also be parking facilities for 60 cars. Com*pletion of the project is ex*pected by early 1984.

INSURANCE

Commission reform falls behind

BY ERIC SHORT

ATTEMPTS by the UK life assurance industry to introduce a new system of controls on commission payments to registered insurance brokers and other independent intermediaries have fallen behind schedule.

It seems unlikely that the proposed Registry of Life Assurance Commissions, Rolac, will come into operation on January 1, 1984 as was planned when the proposals were first mooted at the beginning of the year.

There has been no official statement or unofficial news from the Rolac steering committee since it announced the detailed proposals for the Registry in early September. Nothing has been heard concerning the outcome of the latest meeting of the 80 or so life companies supporting the Rolac initiative.

It is therefore not known whether agreement has been reached to go ahead on the lines *of the published* proposals. But it appears many registered insurance brokers do not like the Rolac proposals and are adamant in their opposition.

Until this year, the established life companies operated under strict controls that limited the level of commission paid to independent intermediaries. Now commission payments are subject only to those restraints imposed by competition in the market place.

However, the life assurance establishment prefers specific controls. The Rolac initiative, under the chairmanship of Mr Brian Wright of the Sun Alliance Insurance group, spent months earlier this year devis*ing a new system* to replace the previous commission controls, operated by the Life Offices Associations and the Associated Scottish Life Offices, which was terminated at the end of 1982.

The system proposes three *categories of intermediary*, based on the intermediary's specialisation and the service provided.

Intermediaries who do not register under Rolac or who simply introduce the client to *the life company* will be placed in category C and receive just the basic commission.

Intermediaries who sell insurance policies but do not give specialist life assurance or pension advice would be placed in category B and receive a differential commission above the basic.

The life and pensions specialist intermediary would be placed in category A and receive a higher differential.

Registered insurance brokers would be treated slightly more favourably than their non-registered counterparts in categories A and B.

The system was set out in a consultative document issued in September and sent to all interested parties for their views, in particular the British Insurance Brokers Association *(Biba)*, the main body representing registered insurance brokers.

The Rolac steering committee is seeking intermediary views on the proposals as well as views from life companies which do not support Rolac.

Biba cannot give any official views as these consultations are confidential but the unofficial views from various individuals and groups of brokers show that they are far from happy.

Their opposition relates to two specific items—the classification of intermediaries and the fact that tied agents are not dealt with in the system.

There is considerable rivalry between registered insurance brokers and tied agents—those intermediaries that are tied to one particular life company in placing their business—as well as between registered insurance brokers and building societies.

In both cases, *the brokers* feel they get a raw deal in terms of overall remuneration from life companies compared with that given to tied agents and building societies. While brokers simply get commission, tied agents get additional remuneration over and above commission payments.

Building societies receive maximum commission payments from life companies at the same level as insurance brokers

Brokers claim that building societies under Rolac should be placed in category B. They fear, however, that most building societies will get backing from enough life companies—particularly the composites who do a lot of household insurance business through building societies—to be classified in category A.

The next Rolac meeting in December could be a crucial one—it should indicate whether there is sufficient support for the Rolac concept to be a viable, practical proposition.

Parliamentary diary

TODAY

Commons: Consideration of timetable motion on the Telecommunications Bill. Opposition debate on a motion on Co-operation and Economic Development in the Commonwealth. Motion on EEC documents *on* coal and steel.

Lords: Oil Taxation Bill, Second Reading. Access to the Countryside (Northern Ireland) Order, 1983, Motion for Approval. Matrimonial and Family Proceedings Bill, Second Reading. Motion on the use of the term "Free Pardon."

Select Committees: European Legislation. Subject: Future Financing of the EEC. Witness: Rt Hon Nigel Lawson MP, Chancellor of the Exchequer (Room 15, 4.30 pm).

Public Accounts: Subject—Financial assistance to De Lorean Motor Cars. Witnesses: Northern Ireland Development Board: Mr Saxon Tate, Chief Executive; Mr A. S. Hopkins, Deputy Chief Executive. Department of Economic Development Norhern Ireland: Mr K. P. Bloomfield, CB, Permanent Secretary. Department of Finance and Personnel Northern Ireland: Mr John Murray, Officer of Accounts (Room 16, 5.00 pm).

TOMORROW

Commons: Restrictive Trade Practices (Stock Exchange) Bill, Second Reading. Debate on a motion to approve the third report from the Select Committee on House of Commons (Services) Session 1982-83 relating to a new Parliamentary building, (Phase 1).

Lords: Agricultural Holdings Bill, Committee. Debate on the *6th Report of the European* Communities Committee on the Quota Arrangements for Carriage of Goods by Road.

Select Committees. Joint Committee on Statutory Instruments (Room 4, 4.15 pm). Private Bill Committee — Ginns and Gutteridge, Leicester (Crema*torium) Bill (Room 5, 10.30* am).

WEDNESDAY

Commons: Opposition Day—Subject to be announced. Motion on the EEC documents on shipments of hazardous waste.

Lords: Debate on the urgent need to liberate from the control of the Government and other public bodies more of the resources required for the creation of wealth; and to diminish the disincentive effects *on work and investment of high* levels of taxation. Unstarred question on drilling for oil in areas of outstanding natural beauty.

Select Committee: Public Accounts Committee: Subject—*Financial assistance to De* Lorean Motor Cars. Witnesses: Northern Ireland Development board: Mr Saxon Tate, Chief Executive: Mr A. S. Hopkins, Deputy Chief Executive. Department of Economic Development Northern Ireland: Mr K. P. Bloomfield, CB Permanent Secretary. Department of Finance and Personnel, Northern Ireland. Mr John Murray, Officer of Accounts (Room 16, 4.15 pm).

Private Bill Committee—Ginns and Gutteridge, Leicester (Crematorium) Bill (Room 5, 10.30 am).

THURSDAY

Commons: Debate on a motion to approve the Chancellor's *Autumn Statement.*

Lords: Somerset House Bill, Second Reading. Debate on the present situation in the shipping industry and the 3rd report of the European Communities Committee on EEC Competition Policy: Shipping. Prayers to annual regulations on milk.

Select Committee—Ginns and Gutteridge, Leicester (Crematorium) Bill. (Room 5, 10.30 am)

FRIDAY

Commons: Private Members' Bills.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—
Resource Technology, 24 Austin Friars, EC, 10.00

BOARD MEETINGS—
Finals:
Aust & New Zealand Banking
Comet
Concentric
Swindon Private Hospital
Interims:
Combined Technologies
Ericsson (Telefonaktiebolaget LM)
Euston Centre Props
Hambros
Initial
Ivory & Sime
MK Electric
Mnemos
Regalian Props
Southwest Resources

DIVIDEND & INTEREST PAYMENTS—
Belam 1.75p
Clarke Nickolls and Coombs 2p
Homestake Mining 8cts
Renishaw 0.7p
Treasury 12½pc 2003-05 6¼pc
Treasury 3pc 1985 1½pc

TOMORROW

BOARD MEETINGS—
Finals:
Adam Leisure
Burton
Interims:
A & M Hire
Amersham Intnl
Heath (C. E.)
Hinton (Amos)
London & Lennox Inv Tst
Metal Box
Murray Technology Invs
Pactrol Electronics
Parkland Textile
Rasmore
TR Property Inv Tst
Zygal Dynamics

DIVIDEND & INTEREST PAYMENTS—
Exchequer 12¼pc 1985 6⅛pc
Exchequer 13¼pc 1983 6⅝pc
Exchequer 14pc 1984 7pc
Fleming Japanese Invest Tst 1.25p
Oriflame Intnl SA 21cts
Ruberoid 2p
Murray and Elder 2p
SeaCo 10.05cts
Sekers Intnl 0.25p
Tesoro Petroleum 10cts
Treasury 14pc 1998-2001 7pc
Treasury 2½pc I-L Cnv 1999 £1.2060

WEDNESDAY NOVEMBER 23

COMPANY MEETINGS—
BPM, 28 Colmore Circus, Queensway, Birmingham, 12.30
Barratt Devpts, Savoy Hotel, Strand, WC, 12.00
Sompertex, Master Brewer Motel, Western Avenue, Hillingdon, Middlesex, 11.00
Throgmorton Secured Growth Trust, Royal London House, 22-25 Finsbury Square, EC, 12.30

BOARD MEETINGS—
Finals:
Marine Adventure Sailing Tst
Interims:
Bulmer & Lumb
Channel Tunnel Invs
Johnson Matthey
Moorgate Mercantile
Readicut Intnl
Rothmans Intnl
Whitbread Inv

DIVIDEND & INTEREST PAYMENTS—
Baker Intnl 23cts
Banco De La Prov De Buenos Aires Fltg Notes 1988 $242.78
Bramall (C. D.) 2.38p
Brent Chemicals Intnl 0.6p
Clive Discount 1.4p
Combined English Stores 1.49p
Eastern Produce 1.5p
Goodwin 0.53847p
Haden 2.25p
Hunting Petroleum Services 2.25p
Merrill Lynch 20cts
Treasury 13¼pcLn 1993 6⅝pc
Weir Group 0.375p

THURSDAY, NOVEMBER 24

COMPANY MEETINGS—
Amstrad Consumer Electronics, 748 High Road, Tottenham, N, 3.00
Courtney, Pope, Amhurst Park Works, South Tottenham, N, 11.00
Druck Hldgs, Grand Hotel, Granby Street, Leicester, 12.00
Galliford, Post House Hotel, Crick, 12.30
Goodwin, Hoben Quarries, Brassington Works, Brassington, Derbyshire, 3.00
Maunders (John) Construction, Midland Hotel, Peter Street, Manchester, 12.00
Rivoli Cinemas, 15/17, Ridgmount Street, W.C., 4.00
TWS—Television South West, The Studios, Derry's Cross, Plymouth, 2.30
Young (H.), Worplesdon Place Hotel, Perry Hill, Worplesdon, Surrey, 10.30

BOARD MEETINGS—
Finals:
Borthwick (Thomas)
Castlefield (Klang) Rubber Estate
Fulcrum Inv Tst
Higsons Brewery
Killinghall (Rubber) Dev Syndicate
Scottish Cities Inv Tst
Scottish Inv Tst
Interims:
Anglo American Corp of South Africa
Argyll Group
Boots
Burnett & Hallamshire
Extel
French Kier
Globe Inv Tst
Hanover Invs
Locker (Thomas)
Norton Opax
Powell Duffryn
Redland
Rotaprint
Walker & Staff
Warnford Invs

DIVIDEND & INTEREST PAYMENTS—
Baillie Gifford Japan Tst 0.1p
Barratt Devpts 5.31p
Cartwright (R.) 1.5p
Folkes (John) Hefo 0.35p, NV 0.35p
Richards (Leicester) 1p
Royal Bank of Canada 50cts
Somportex 1p

FRIDAY, NOVEMBER 25

COMPANY MEETINGS—
Dalgety, CBI Centre, Centre Point, 103 New Oxford Street, WC, 11.30
Goodman Bros, Westbury Hotel, Conduit Street, W, 12.00
Great Universal Stores, Chartered Insurance Institute, 20 Aldermanbury, EC, 12.00
Ingall Inds, Birmingham Chamber of Industry and Commerce, 75 Harborne Road, Birmingham, 12.30
Kent (M. P.), Grand Hotel, Broad Street, Bristol, 12.00
Manson Finance Trust, Grosvenor House Hotel, Park Lane, W, 12.00
Ramus, Barrington House, 59 Gresham Street, EC, 12.00

BOARD MEETINGS—
Finals:
Saga Holidays
Tomkinsons
Interims:
Aeronautical & General Instruments

DIVIDEND & INTEREST PAYMENTS—
Aberdeen Construction 2.1p
Aluminium Company of America 30cts
Amstrad Consumer Electronics 1.72p
BTR 6p
Benlox 0.5p
Bronx Engineering 0.25p
Caparo Inds 0.65p, 6pcPf 4.2p
Courtney Pope 3.2p
Cussins Property 2.2p
Dewhirst (I. J.) 0.32p
Early's of Witney 0.315p
Eaton Cpn 20cts
Expamet Intnl 2p
GT Asia (Sterling) Fund Pf 50p
Galliford 2.3p
Goodman Bros 0.75p
Hambro Life Assurance 4.7p
JWT Group 36cts
Jones Group 1.75p
Juliana's 2.1p
Midland Intnl Financial Service Fltg Rate Notes 1987 $49.46
Miller (F.) Textiles 0.6p
Oesterreichische Landerbank AG Fltg Rate Notes 1994 $247.31
Prince of Wales Hotels 1p
Rex Trueform Clothing R0.55, A NV R0.55
Scottish Heritable Trust 1p
Sime Darby Berhad M$0.088
Stag Furniture 1.75p
Throgmorton Secured Growth Trust 2.175p
United Guarantee 0.25p
York Mount Group 2p

SATURDAY, NOVEMBER 26

DIVIDEND & INTEREST PAYMENTS—
Miller (Stanley) 0.6p
Southend-on-Sea Borough Council 12pc 1987 6pc

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COMPANY NOTICES

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TECHNOLOGY

EDITED BY ALAN CANE

GERMANS SPREAD AEROSPACE KNOWHOW TO OTHER FIELDS

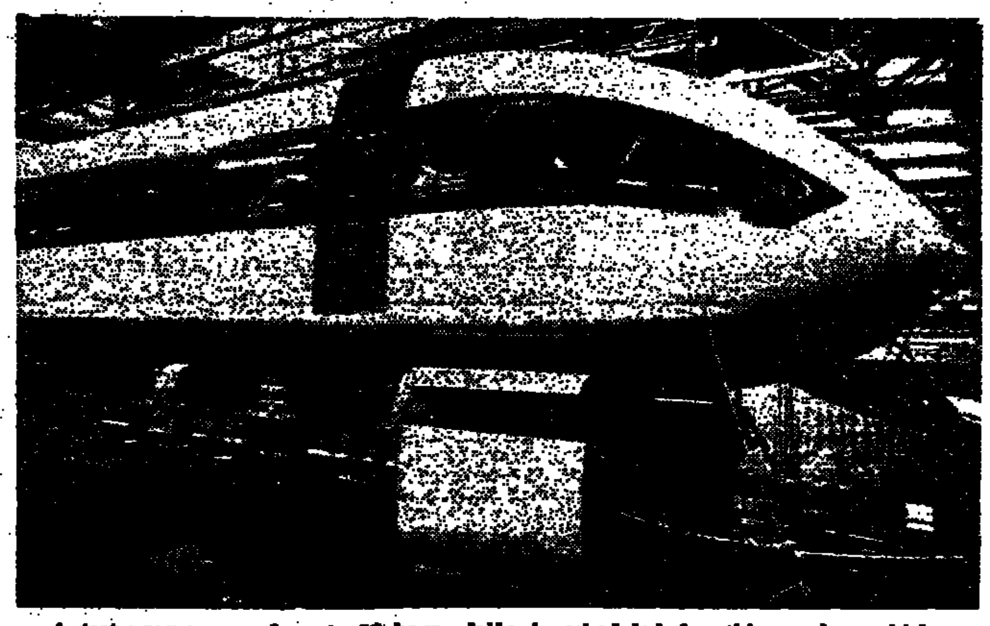
Tested to the breaking point

BY DAVID FISHLOCK, SCIENCE EDITOR

FOR THE past 18 months, a West German research laboratory has been fatigue-testing a complete German Air Force version of the Tornado, including the performance of its swing wing, in a simulation that will be equivalent to the 16,000 hours of flight expected of this warplane.

Prof Theodor Gaymann, one of the company's three directors and a former Dornier engineer who helped to found it, is proud of the way IABG transfers high-technology experience from aerospace into other industries. "We find we can sell knowledge we have gained in the aerospace field for other purposes." He speaks of "cross-breeding" within IABG between the different kinds of testing it does.

Prof Gaymann's company is known by the initials IABG (Industrieanlagen - Betriebsgesellschaft). This is Germany's counterpart to the Royal Aircraft Establishment, Farnborough, in Britain, albeit smaller. This is the organisation which finds the breaking point for new aircraft, weapon systems and now trains. Its new railway test track for example has cost about DM 480m (about £120m), funded by the Ministry of Research and Technology in Bonn.



A test programme of up to 18 hours daily is scheduled for this maglev vehicle

Levitation

IABG is based at Ottobrun, south-east of Munich, close to the Ottobrun Development Centre of MBB. It is owned 74 per cent by the Federal Government and 26 per cent by such groups as AEG, Dornier, Messerschmitt-Bölkow-Blohm (MBB) and Seimens. MBB is its biggest single client.

At Emsland, near the Dutch border in West Germany, IABG is laying an elevated track 5 metres high and over 30 kilometres in length, for a train that will fly (see this page, October 31). Its first flights will shortly be made on a nearly-completed section. It will travel on a magnetic suspension that keeps it levitated a constant 10 mm from its track.

As is German practice, a new company called Transrapid Maglev Train Consortium, owned jointly by Lufthansa, the German railways, and IABG, has been set up to run the facility.

The Transrapid test facility will try out the flying train under conditions close to those the German railways expect to operate in service, on a full-size vehicle. Its aluminium test vehicle has been built by a joint venture between the aerospace group Messerschmitt-Bolkow-Blohm (MBB) and the railway engineering firm Kraus Maffei. MBB has designed the suspension, guidance, vehicle control and data acquisition system, while Kraus Maffei built the flying train. The track is designed to allow it to attain speeds as high as 400 km per mile over a one-kilometre straight section of track.

Despite the recession, Prof Gaymann's portfolio of non-aerospace contracts has been growing steadily. Currently it includes the new test facility for flying trains and other unique facility for testing road suspension funded by BMW—the simulation of a complete test track inside the laboratory. Its successes should encourage the Ministry of Defence in Britain in its efforts to "privatise" more of the activities of research centres such as Farnborough.

According to Prof Gaymann, IABG is unique in Germany in the role it fulfils between private industry and government. It was set up in 1961 by the Ministry of Defence and a budding aircraft industry to provide the expensive test facilities needed for qualification of new designs.

Despite the heavy state shareholding, and the fact that the assets (valued at DM 308m (about £75m) in 1982) prices are owned by the government, it operates as a trading company, earning income from testing designs under contract. It has no products other than the new tests it often must pioneer to keep abreast of advancing technology. Hence it is not in competition with private industry, Prof Gaymann says.

Last year it earned DM 195m (about £50m), of which two-thirds came from the Ministry of Defence, 11 per cent from the Ministry of Research and Technology, and 23 per cent from other ministries. More than half of its staff of 1,550 are qualified scientists or engineers.

Although its big facilities often have a low rate of use, it consistently manages to turn in a profit. Not a big one, Prof Gaymann stresses, for the directors are not eager to return money to the government.

But, as he sees it, the profit is "the basic motor for our aims to work like industry." It is the yardstick by which IABG is judged to be efficient. Each IABG project manager is responsible for seeing that his facilities are operated profitably — "a principle we've operated for about 15 years."

The bedrock of Ministry of Defence contracts includes fatigue testing of both the two German-built warplanes, Tornado and Alpha-Jet. On these it runs tests equivalent to about four times the expected life span. It advises the German Air Force on where and when to expect cracks to appear. "We can show that the inspection effort is about halved by this kind of monitoring," Prof Gaymann claims.

Carbon fibre

Looking to the next generation of warplanes, it has a major effort investigating what it will mean to the operator to introduce carbon-fibre composite materials. At MBB, for example, the engineers foresee that more than one-third of the proposed Tactical Combat Aircraft might consist of carbon-fibre composites, saving more than a tonne in weight compared with today's fighters.

Carbon-fibre composites show very good fatigue properties. But overloading can cause cracking and rapid break-up. Excessive temperatures and humidity cause a deterioration analogous to corrosion in metal.

In the civil sector, for over a year IABG's structures laboratory has been fatigue testing the 17 ft-long fuselage centre section and wings of Airbus A-310 for Deutsche Airbus. A 20-year operational life will be simulated in two-three years, through loads applied by 64 servo-hydraulic cylinders. The instrumentation then aims to spot cracks — usually concealed close to bolt or rivet holes—when they are no longer than 0.1 mm. Half the income of the structures laboratory comes from private industry.

Another major client is the European Space Agency, for which IABG is one of the three accredited test centres. It has just completed Western Europe's biggest facility for space simulation tests. The chamber itself 6 metres across, has cost DM15m (nearly £4m). It will reproduce the high vacuum, low temperatures and solar radiation of geostationary orbit, 22,000 miles out from earth.

The German TV satellite will be tested in this space chamber. In particular, they want to investigate the way geostationary satellites can build up an electric charge on its sunny side, says Dr Otto Feil, in charge of space testing. To stimulate solar rays, the chamber has a "sun" consisting of seven 20 kW xenon arc lamps focused into a beam 3.5 metres across. A two-axis motion simulator will allow the satellite to turn while exposed to the beam.

Back to earth, IABG has found an enthusiastic sponsor in the German car industry. BMW spends more than DM 3m a year in its test centres—better business, it says, than building its own test facilities. One facility built specifically for BMW is a test bed for front suspensions which faithfully simulates the stresses a suspension would suffer on the test track.

They have programmed it to simulate the Nurburgring track near Koblenz, one of Germany's trickiest to navigate. Through the plate glass of the control room window the scientists can watch a suspension lurching wildly as the loads mimic progress round the hairpin bends.

DU PONT'S NEW CERAMIC FIBRE

How Toyota makes lighter engines

AN EXPERIMENTAL ceramic fibre called Fiber FP developed by Du Pont in the U.S. is being used by Toyota in research on reinforced aluminium connecting rods for potential application in production cars.

The material is a polycrystalline aluminium oxide fibre and it is being used in a metal casting and design technology developed by Toyota.

According to Dr Blake Bichlmeir, who is supervising the Du Pont program, the aluminium trioxide has a high degree of stiffness, high compressive strength in composites, moderate tensile strength and high temperature stability, "all of which make it well suited for reinforcing non-ferrous metals."

Apparently aluminium and magnesium reinforced with 35 to 50 per cent by volume of continuous filament Fiber FP have from three to four times the stiffness and up to four times the fatigue strength.

Du Pont claims that replacement of steel connecting rods by the 35 per cent material could lead to increased fuel efficiency, faster engine response and lower engine vibration. Further weight savings should be possible in other key reciprocating components as well.

Fiber FP also has potential for reinforcing lead, ceramics, and epoxy and polyimide resins says Du Pont, and there are a number of joint development programmes to establish their value in such areas as helicopter transmission housings, jet engine casings and lead acid battery grids.

Resin and ceramic composites containing Fiber FP may have potential in radar-transparent and high temperature applications. In addition, some 40 material evaluation programmes are active in U.S. Government agencies, universities and in both U.S. and other companies.

ELECTRICAL HARNESS WEAVING

Fruit of the loom

HYBRID CABLES of the kind used in electrical harnesses can now be woven together automatically on a programmable loom and tested "in situ." These are both spin-offs of Marconi Space and Defence Systems (MSDS) work on underwater weapons and tanks.

"Marconiweave," the name of the product, is driven by computer software which can specify the precise construction of any length or type of cable form. An automatic cable tester (ACT) puts the finished cable through its paces as it is being woven into flat, multilayer or tubular dimensions.

MSDS reckons that Marconiweave is not only more efficient than the present, manual peg-board process, but that its development to military specifications means greater accuracy and homogeneity along the cable length.

Computing

Japanese memory for Eclipse

DATA GENERAL has squeezed its Eclipse minicomputer into a more compact package thanks to what it claims is the first use of the latest high-density memory chips from Japan.

The MV8000C is a rack-mounted 32-bit mini for integration into larger systems. It was made possible by DG's Japanese subsidiary being able to get first look at the 256K dynamic RAM memory chips, faster and with four times the storage capacity of present dynamic RAMs.

The MV8000C can store a total of either 1 or 4 megabytes of internal memory from upwards of $55,000 for one and is a volume product for system builders rather than the end-user.

DG has also unveiled a cheap array processor for the Eclipse MV family, Arrayplus 2000, an add-on which allows multiple pieces of information to be processed at the same time from $18,000.

Home computers

Texas gives guarantees

AFTER RECENT announcements about its withdrawal from the home computer market, Texas Instruments has made it clear that all TI 99/4A owners will continue to get cover under guarantee and that service facilities will continue to be available when guarantees expire "for an indefinite period."

The company also expects to be able to supply software from stock "for the foreseeable future." Peripherals supplies are limited, however, although the company points out there are numerous third party sources of compatible units.

TI also is at pains to make it clear that its withdrawal from the home market in no way affects its participation in professional computers sold by the company's Data Systems Group through dealers and professional computer stores.

The company, it is understood, also intends to stay in the calculator and the portable / compact computer markets.

Maintenance

Corrosion defence

THE PEABODY Oil Division of Sale Tilney has launched a chemical rust solvent called Chemprime which is easily applied in the field.

The company describes Chemprime as a highly effective alternative to the phosphating process with application not restricted to the factory environment.

A green, non-flammable liquid with coverage of about 1,000 sq ft per gallon, Chemprime reacts with iron oxide to form an inert iron-zinc-strontium film to protect and condition the surface. Severe corrosion deposits can be removed from internal and external surfaces by immersion, the process being speeded up by heating the fluid.

The treatment conforms to a number of MIL specs and more information is available on 0932 56161.

UK REGIONAL REPORT: MOTHERWELL - 1

By MARK MEREDITH

Strong drive to win new industries

During the past 15 months there have been encouraging results in the £60m Motherwell project to attract more diverse industries to the area

MOTHERWELL IS a steel town looking for a new direction. Finding a new path for a local economy geared for generations to heavy industry has become the largest industrial regeneration project of its kind for the Scottish Development Agency (SDA) which, along with Strathclyde Region and Motherwell District Council formed the £60m Motherwell Project a year ago.

Steelmaking, and the vast Ravenscraig works, dominate the landscape, the atmosphere *and the economy. Today the* future of the steelworks and its 4,300 workers is far from certain as the British Steel Corporation struggles to absorb heavy losses and the effects of steelmaking over-capacity in Europe.

Yet, although a surprising scattering of other industries does operate in Motherwell, including electronics and food distribution, it is steel at Ravenscraig, along with the Clydesdale tube works, the Dalzell plate mill and the Craigneuk alloys works, accounting altogether for 6,000 jobs which has created the main source of expertise among the local workforce.

The approach of both the public and private sector interests involved in the *Motherwell project has been to* create opportunities for new industry while making the best of what is already there—much of it desperately needing a new lease of life.

Driving through the scattered villages around Motherwell or looking down on a 40-acre site between the Ravenscraig and Dalzell works where an underground fire has been burning at the site of the dismantled Lanarkshire steel works since 1942, it is easy to feel that radical surgery is the only answer.

Yet, after 15 months the project team, working from a converted and once semi-derelict bank in the town centre have produced encouraging results: forty-seven new firms; more than *400 jobs*; 100 enquiries a month from companies moving in; and 90 per cent of the 200,000 square feet of new and refurbished factory space let, according to Richard Colwell, chairman of the project steering group.

So far the SDA, which is the semi-official industrial promotion body for Scotland, has put up £5m of the £37m it has committed to the five year project, with Strathclyde Region spending £1.9m of its £14m for infrastructural assistance. Motherwell District has spent £2.9m of the £6m it has earmarked for environmental, housing and other local improvements to services.

Part of the balancing act in Motherwell has been to minimise the obvious state sector involvement in industrial promotion and maximise private sector activities.

To this end the Motherwell Enterprise Trust, one of a number of schemes throughout Scotland formed under the auspices of Scottish Business in the Community is able to bring together resources available in established local companies to help new companies.

A one-stop shopping approach of this sort is essential in an area such as Motherwell, traditionally a "low response" area for the SDA with few applications even for free advice on small business and government assistance available. Indeed, business enthusiasm might be said to be sorely lacking with no Chamber of Commerce and only one Rotary club.

The small coordination team led by Mr Edward McHugh is hoping, however, that some examples set by local businesses in looking for new ways to expand could inspire others.

The Motherwell promoters make much of the area's good communications, located as it is on two motorways going north-south and east-west. This access has led to new industrial development coming into the peripheral area outside the local townships of Motherwell, Bellshill and Wishaw.

The Motherwell Food Park, the first of its kind in Britain, is a case in point, located at the side of the M8 motorway between Edinburgh and Glasgow.

Making much of good access, too, has meant welcoming not just new manufacturing which is usually associated with industrial regeneration, but accepting the growing role of service sector activity such as distribution.

A new look has also been taken, as part of the policy of encouraging existing industry, at the network of 180 small engineering firms scattered along the Motherwell-Wishaw corridor, as the planners are already calling it. These companies have traditionally depended on sub-contract work for larger firms such as British Steel, Anderson Strathclyde and the Terex plants nearby, all of which have tended to pull work back to base when times are tough.

Consultants were brought in to look at the engineering sector around Motherwell and recommended more coordination between the firms and the formation of consortiums to look for new work. A joint marketing approach has also been made to larger firms in the area to see if any work normally imported by these firms could be done locally. A closer study of procurement and material sourcing could well turn up new opportunities.

After diversification of industry and helping existing industries find new markets, a third arm of the project's approach to industrial regeneration has been to establish Motherwell as a place for foreign companies to set up plants.

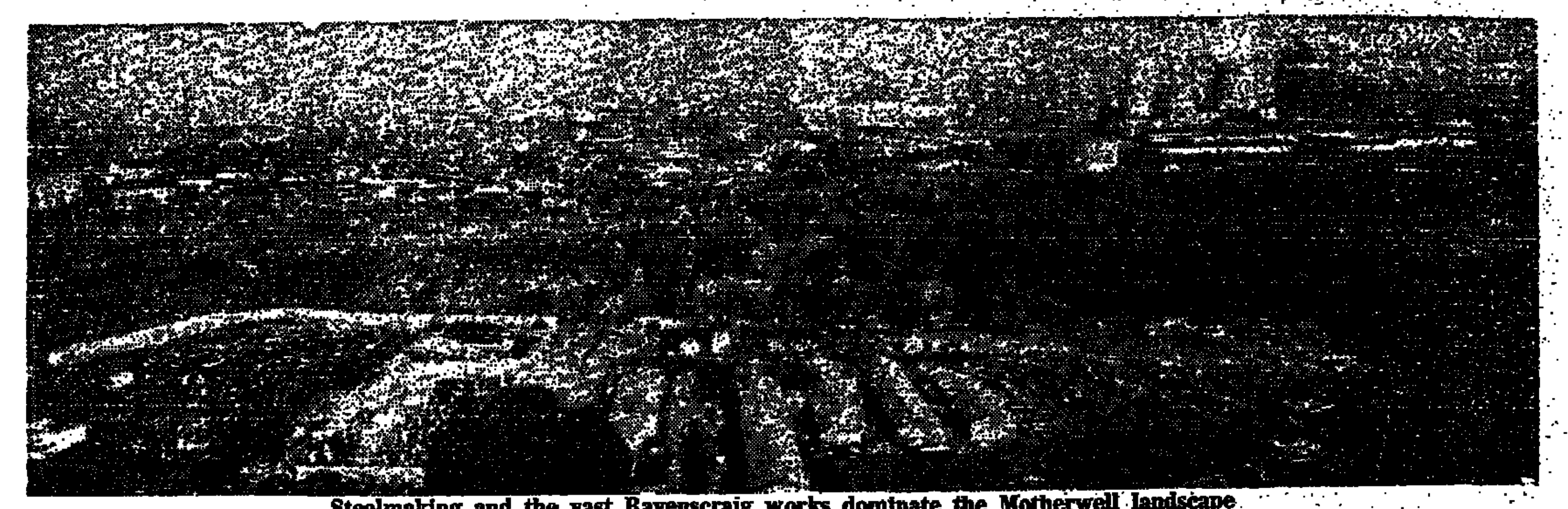
This is partly an in-house matter for the SDA which runs an inward investment office Locate in Scotland along with the grant-giving Scottish Economic Planning Department.

Given the magnificent line of greenfield sites in Scotland, convincing a foreign firm to set up in this sector of the central belt of Scotland will be an uphill struggle. But the right marketing approach will at least put the area on the itinerary of the visiting inward investor.

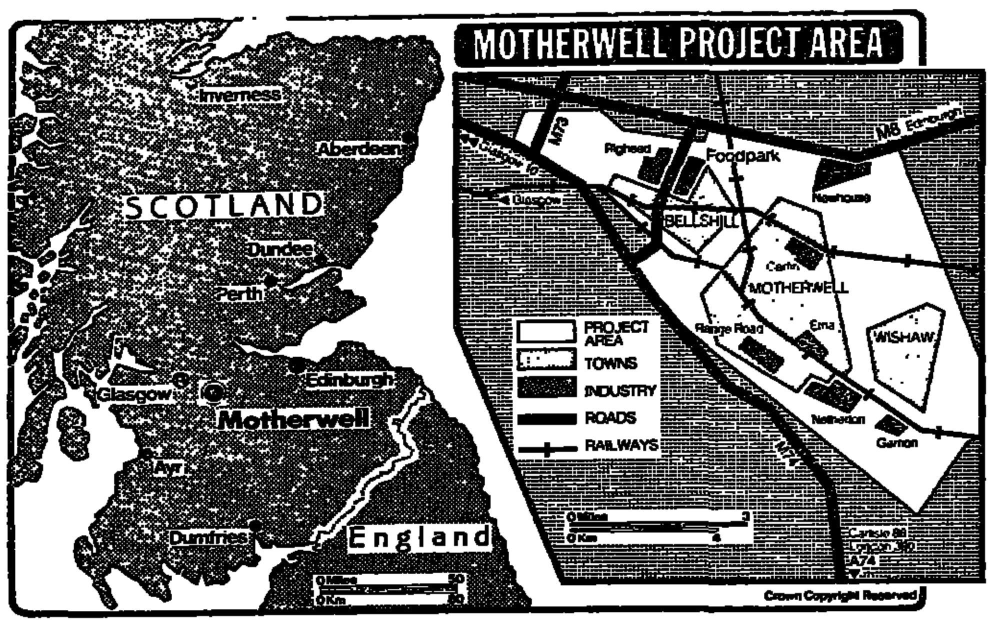
Things will look up for Motherwell if Motherwell starts to look better. But urban renewal and environmental improvements are not straight forward.

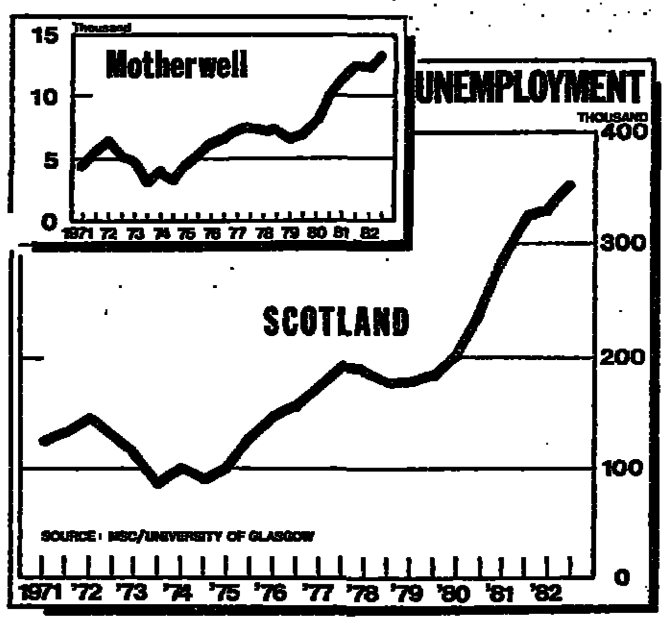
According to Fred Millan of the SDA as little as 15 per cent of the total land area inside the project was suitable for landscaping and tree-planting to give it a lift.

Some £14m has now, however, been set aside for environmental improvements, in the hope that this can give Motherwell the appeal of many of its rivals in the bid to secure new investment.



Steelmaking and the vast Ravenscraig works dominate the Motherwell landscape





Motherwell's promoters emphasise the area's good communications and access to the motorway system

More high technology plants

HIGH TECHNOLOGY has a small but lively presence among the steelworks and heavy industry of Motherwell.

Honeywell's main plants in the UK overlook the M8 motorway north of the town producing minicomputers and larger mainframe computers along with a range of control equipment.

The two units of the American Electronics Corporation employ 1,500 including a design and development unit for new products—the kind of presence that pleases planners who are happiest when large electronics firms do not turn out to be strictly assembly plants.

Honeywell has been associated with the Lanarkshire area since the company set up its first overseas firm at Blantyre to the West.

Ferranti's Scottish division which is based in Edinburgh moved its production of automatic test equipment for military avionics to Motherwell about three years ago to tap new reserves of engineering graduates and skilled workers. The Ferranti plant employs about 220.

Pantatron Systems Limited, a subsidiary of RTD, Rotterdam, set up in Motherwell centre about six years ago to produce ultrasonic non-destructive testing equipment.

Dr John Speake, managing director of Pantatron, said that at the beginning the location worked against the company due to its distance from main markets south of the border.

But North Sea contacts and increasing North Sea business with work in Aberdeen has compensated for this.

The company, with 17 employees and a turnover of around £500,000, is expected to grow to 100 workers as a new service leasing out test equipment and operators is developed from the Motherwell base in association with the Dutch parent.

While Anderson Strathclyde's operations remain in the heavy industrial sector of mining, its Longwall mining equipment has considerable technology input through control systems.

MOTHERWELL - 2

SUCCESS FOR UK's FIRST FOODPARK VENTURE

For something completely different, the Motherwell area has produced a successful foodpark, the first of its kind in Britain.

Food handling may not seem the obvious choice of industry for an area with a rich history of coal, iron and steel. But three companies chose the area near the M8 motorway between Glasgow and Edinburgh for their packaging storage or distribution centres.

The Scottish Development Agency (SDA) then decided to promote a foodpark to bring in more food companies and encourage the kind of interaction normally associated with the electronics field.

Today, besides the three original occupants of factories on the northern fringes of Belshill — AGA Frigoscandia, Ross Foods and Birds Eye Walls—four other companies have moved in.

One of them, Dalziel, is a good example of the kind of interaction which the SDA wanted to promote. The company which supplies the meat trade prepares meat for Ross Foods and uses Frigoscandia's cold storage. It also buys in sausage skins from another resident, Devro.

The park is today run by Mr Eric Dunkley who acts as a talent scout for inward investment, a co-ordinator of aid and of the kind of link-ups which are making the park work.

D and M Clark Analytical Services which carries out microbiological studies on food samples is another new arrival. Geest, the banana people, are spending £2m setting up a packaging and distribution centre for fresh vegetables.

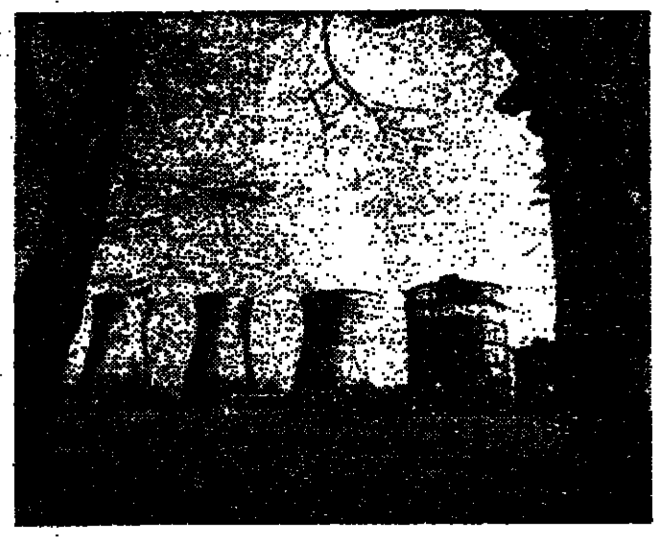
Expressions of intent to move in or strong inquiries, have come in from a U.S. meat company, cheese and confectionery groups, a bacon processor and paté manufacturer and even a brewer.

The financial packages of assistance to new companies, the managed foodpark and the good road network will help overcome some of the environmental shortcomings.

Eric Dunkley concedes that overcoming the myth of past heavy industries has been a problem but the presence of big names in the foodworld is enough to win over some of the doubters.

Forceful campaign against plan to close huge steel mill

Ravenscraig is living on borrowed time



Ravenscraig: a reprieve for the mill that not only employs 4,300 steelworkers but is supplied and serviced by 1,300 companies, most of them in the Motherwell area

RAVENSCRAIG, at the heart of industry in Motherwell, is living on borrowed time. A year ago this huge steel mill had been singled out for closure. It might have been one of the most modern steel plants in Europe but it was the one mill too many for a British Steel Corporation losing millions.

The defence campaign that followed and led to a reprieve for "the Craig," as its 4,300 steelworkers call it, produced a spectacular display of unanimity across the Scottish political and industrial scene. The closure proposal of Mr Ian MacGregor, then head of BSC, was shown to be politically and economically unacceptable for Scotland.

Not only was the Labour Party, which controls a large majority of the Scottish seats at Westminster, against any closure, along with the trade unions, Mr George Younger, the Secretary of State for Scotland, was apparently ready to stake his job on defending the mill and he was backed by his fellow Conservatives in Scotland. Much of Scottish industry also voiced its concern.

Apart from the BSC losses to be staunched, the argument against Ravenscraig was easy to assemble.

Here was a mill set up for political reasons by the Macmillan government in 1954 to fuel regional industries which had since died or dwindled to consume today a mere 5 per cent of the steel produced north of the border.

Shipbuilding and heavy engineering were in retreat, the Linwood car factory closed and production at Leyland Vehicles at Bathgate cut back—to mention just the larger users.

Then too the new industries growing up in Scotland—such as electronics, biotechnology and health care—were hardly big steel users, although there was some good business to be gained from the heavy metals used in the offshore oil industry.

At the core of the Scottish argument for an integrated steel mill was the future of manufacturing in Scotland. Despite the gains of the service sector and the changing complexion of industry, there was still the fundamental belief inside the Scottish Office that steel manufacturing was vital to economic recovery.

A past poor productivity record had weighed heavily against Ravenscraig as Mr MacGregor came to grips with the Corporation's troubles—not to mention the distance from markets and added transport costs.

But Ravenscraig had 80 per cent more of its capacity made up of the continuous casting system of steel production—the most efficient method of production—and a capacity unmatched elsewhere in Britain.

Scotland had taken some heavy industrial knocks but the closure of Ravenscraig would have been devastating—not just for its employees but for the industry which had built up around it, fed off it and fed the mill in turn in terms of business.

According to one estimate, Ravenscraig spent £120m a year on labour and on the 1,300 companies providing goods and services locally, most of them in the Motherwell area.

The Scottish TUC, backed by Strathclyde Regional Council, drew up a report "A future for steel—a future for Scotland" which forecast that the closure of Ravenscraig would lead to not just the 4,300 jobs lost at the plant but a total of 10,300 to 13,600 taking in the affiliated jobs that would go as well.

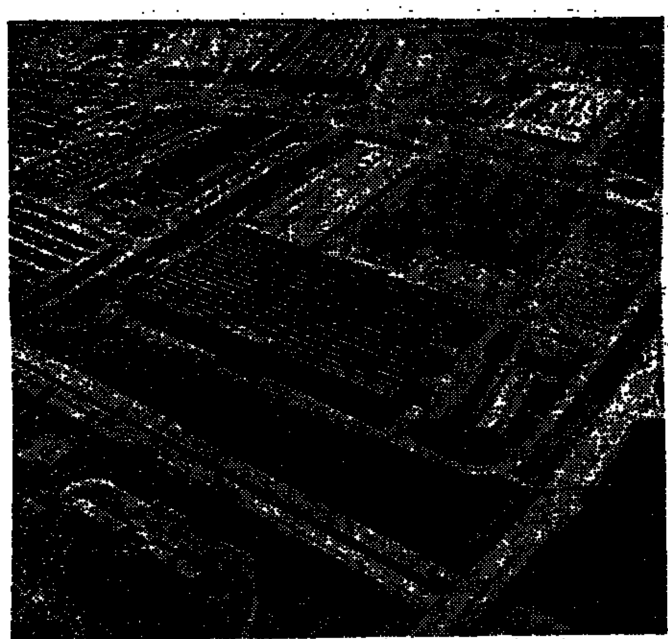
The all-clear in this battle came with the statement last December from Mr Patrick Jenkin, the Industry Secretary, that British Steel would be instructed to proceed for the next three years on the basis that all five major integrated steel mills would be kept going.

The industrial bottom line to this argument was that it would be wrong to turn off one of Europe's most modern mills. The Government might save £100m by shutting the plant but it was not a straightforward case of cost saving.

Undefeated, Mr MacGregor sought new options and used his considerable array of contacts in the U.S. to propose a marriage between crude steel making at Ravenscraig and finishing capacity at U.S. Steel's Fairless works in Pennsylvania.

The "swap" proposal, finally decided by the end of November, would mean ending steel finishing at the Gartcosh section of Ravenscraig as well as the outdated primary steel making operation at U.S. Steel. About 2,000 jobs would be lost from both plants.

Again the defence forces regrouped around the big Motherwell mill but because of the uncertainty of the proposal and even some feeling that it was not such a bad idea, there has been less of a public outcry.



High technology has a small but lively presence among the region's heavy industry. Above: a bird's eye view of Honeywell's main UK computer plant in Lanarkshire

How the private sector is building confidence in Motherwell

A helping hand for new companies

ANDREW CHRISTIE does not like quoting jobs figures. "I am not here to create jobs," says the director of the Motherwell Enterprise Trust. "You can create jobs but all we can do is assist you in establishing jobs."

The emphasis in Mr Christie's office on the top floor of the Motherwell project office is on self-help. The Enterprise Trust is the organised arm of private enterprise through the business in the community movement helping new companies to get going.

Industrial promotion in Scotland today is geared very much in encouraging self-help among industry and overcoming a tendency to wait for officially backed initiatives.

The Enterprise Trust counts on local business to contribute funds and even more to offer managerial talent and time to new businesses in its area.

In Motherwell larger companies like Motherwell Bridge, a heavy construction concern, along with Anderson Strathclyde, Honeywell Computers and Levi Strauss are part of the 12 contributors to the Trust. Local chartered accountants and solicitors are involved too.

Job potential

The scheme has had over 100 contacts so far but Mr Christie is loth to translate these into jobs or even potential jobs.

Mr Christie, 53 and a former regional engineering manager with Scottish Brewers — part of Scottish and Newcastle Brewers — was seconded by his company to run the Trust, which is now one of eight in Scotland. He and Ms Kay Abraham, his assistant-cum-secretary co-ordinate, interview and encourage local business.

Honeywell, which employs 1,500 in its control systems and microcomputer plants at the northern fringes of the district, recently contributed managerial time to help two local blacksmiths work out their possible cash flow.

A redundant manager from Motherwell Bridge was helped set up a specialised garage business for sports and racing car enthusiasts.

Another key undertaking of Christie is the formation of a local businessmen's club to meet regularly to listen to an invited speaker, ask some questions and then, fingers crossed, to start using the get-together to carry out some business.

Getting managers together is not all that easy. In a steel town like Motherwell many of them live outside the area and the problem is finding the right time to get them all together.

The Trust, in Christie's view, can help counter some reluctance on the part of businessmen to approach the public sector and its range of assistance — much of it available free. The one-stop approach in Motherwell has put the Enterprise Trust and the Scottish Development Agency, the semi-official industrial promotion body for Scotland, under the same roof with the hope of constructive cross-fertilisation between the public and private sectors.

Heritage tours are popular

"FORGET Malaga and try marvellous Motherwell, a mecca for the modern tourist." A travel agent's puff along these lines would extract an extended guffaw from a steelman at the local Ravenscraig mill.

Yet Mr Edward McHugh, director of the SDA's Motherwell project team, takes the idea seriously — seriously enough to commission a consultants' report on developing tourism in the area.

"Our initial studies show that 60 per cent of all holidaymakers visiting Scotland by car pass through the area yet very few consider stopping," he says.

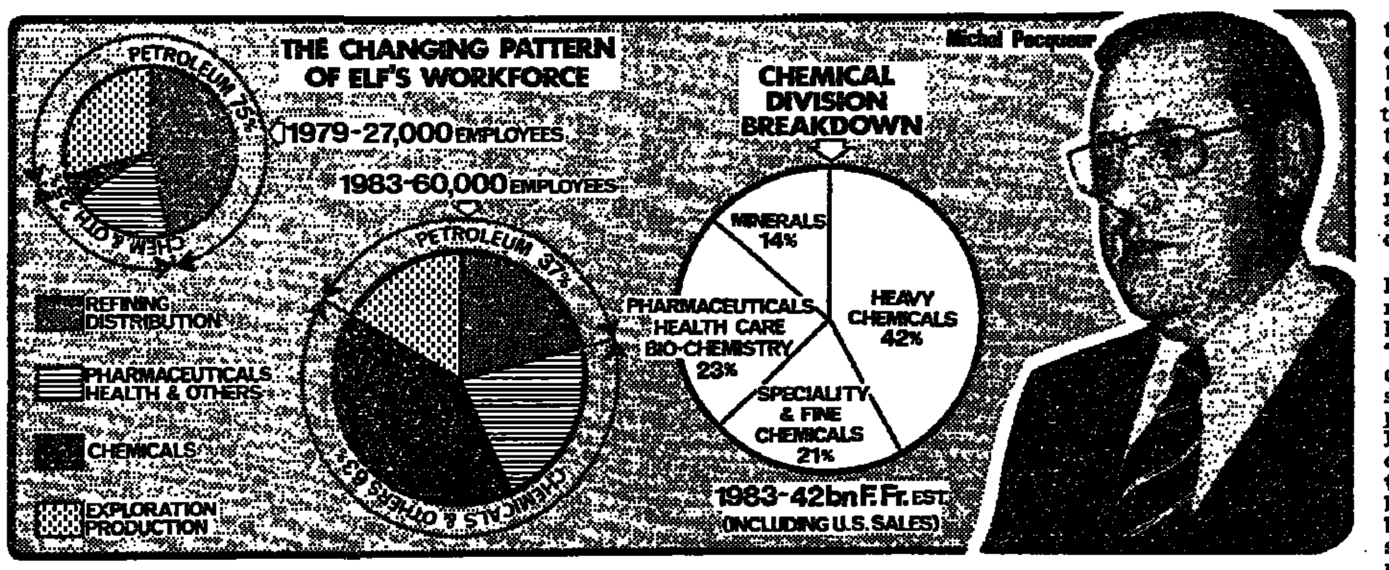
While a grimy image of heavy industry and blight may go some way to explain the tendency for tourists to keep their foot on the accelerator, the project team think that with a bit of the right publicity and co-ordination things could change.

The consultants have recommended improving the use of neighbouring Strathclyde Park, not just for the passing tourist but for the Glasgow day tripper.

Holiday and leisure spending is estimated at £5.8m a year and to be supporting 500 jobs already.

The local tourist board already specialises in heritage tours which include a visit to the Ravenscraig steel mill. Enquiries are flooding in, it says.

THE MANAGEMENT PAGF



Graham Lever

Elf's new man faces up to chemical challenge

Paul Betts reports on how style, rather than strategy, has changed at the top of France's biggest state company

MICHEL PECQUEUR, a big friendly unassuming man who was in charge of the French Atomic Energy Agency for five years, has been unusually busy during the last few months. Since June he has been running Elf Aquitaine, the large French state-controlled oil group and so far the country's most profitable enterprise.

His appointment to what is perhaps the most prestigious job in French industry came as a complete surprise, even to him. He was chosen at the last minute to become the chairman of Elf, replacing Albin Chalandon, the outspoken and controversial former Gaullist minister dismissed by the Socialist government after a blazing row over the oil company's role in the French chemical industry.

In contrast to Chalandon's show business management approach Pecqueur has been working quietly to calm the atmosphere at Elf after the departure of his predecessor. He has also been spending his time fine-tuning the oil group's strategy at a particularly critical moment in the life of the large state-controlled concern employing 60,000 people with sales of FFr 118bn (£9.8bn) and net earnings of FFr 3.5bn last year.

"Pecqueur has clearly a different style from Chalandon. He is quieter, more discreet," an Elf insider remarks. "But what has struck everybody here is the continuity with his predecessor's strategy," the same insider adds. Pecqueur has, indeed, so far followed along the broad strategic lines set by his controversial predecessor and has entrusted the execution of this strategy to the same executives close to Chalandon.

Backed by Gilbert Rutman, Elf's deputy chairman and a close Chalandon aide who could well have become chairman himself under different circumstances, Pecqueur has continued the process of moving Elf into five principal business areas.

In the group's traditional oil exploration and production activities, the aim is basically to replace the declining reserves of Elf's giant Lacq gas field in France with new resources. In the refining sector, the problem is one of finding adequate solutions to cut back the heavy losses plaguing the French refining industry in general. Pecqueur has already successfully campaigned with other French refiners to persuade the French government to revise favourably its petroleum price-fixing formula which has been a major financial drag on the French refining industry.

In the U.S., where Chalandon launched Elf in an aggressive, but so far disappointing, expansion programme with the U.S. $2.5bn acquisition of Texasgulf, Pecqueur wants to make the substantial new American investments finally pay dividends. This year, however, Texasgulf will again turn in a disappointing performance. "It will only earn a few million dollars," says Rutman.

Daunting

The other two sectors are the health care and pharmaceutical business and Elf's newly acquired French chemical operations, which Elf reluctantly took over under government pressure and in the end cost Chalandon his job. In both cases, Pecqueur has picked the same man as Chalandon to run these businesses. René Sautier, who was largely responsible for transforming Sanofi, Elf's pharmaceutical subsidiary into a profitable and growing venture, faces the daunting task of making the group's new chemical operations profitable by the end of 1986 while continuing to run the separate pharmaceutical division.

In an effort to streamline and rationalise the structure of the group, Pecqueur has been reorganising Elf into five operating divisions corresponding to the group's main areas of activity — exploration and production; refining and marketing; chemicals, pharmaceuticals and health care; and the U.S. This reorganisation is due to be completed by January. Although, on the surface, it will at least further decentralise the group's operations, the overall strategy is expected to remain firmly in the reins of Pecqueur and Rutman as chairman and deputy chairman respectively.

But of the five sectors, the big challenge for Elf is clearly chemicals. "Chemicals can no longer be considered simply as a diversification for the group. They are a key component of our business," Pecqueur remarks.

Elf, in line with the Socialist government's plan to make the profitable state oil group the centrepiece of the reorganisation of the troubled French heavy and basic chemical industry, has now taken over an extremely dispersed network of chemical plants in France employing 11,600 people with sales of FFr 16bn a year. These operations, including the heavy chemical assets of the nationalised Pechiney aluminium group and those Elf previously jointly owned with Total, the other large French oil company, are expected to lose FFr 1.2bn this year. The idea is now gradually to reduce the losses to make these operations break even by the end of 1986. "Under certain circumstances, we think it is possible," says Pecqueur and Sautier virtually in harmony.

Elf grouped all its newly acquired chemical assets into a new subsidiary called Atochem last month. But as a measure of the evolution taking place at Elf, if one were to add Elf's Sanofi pharmaceutical subsidiary and its other speciality chemicals subsidiaries to the newly acquired assets, chemicals as a whole would account for 63 per cent of the group's French workforce of 60,000 people. The entire chemical and pharmaceutical operations, including those in the U.S., are expected to generate sales of FFr 42bn this year.

Sautier, Elf's chemicals Mr Fix-it, recently unveiled under Pecqueur's paternal eye, the broad chemical strategy of the oil group. Elf has no intention of increasing its production capacities. It wants instead to shift increasingly the balance of its output towards higher value-added products in the speciality chemicals area reducing the proportion of heavy or basic chemicals. At present, basic chemicals represent 52 per cent of the sales of Atochem, plastics 33 per cent, with the balance being made up of fine chemicals and specialities.

Joint venture

Sautier believes Elf has already resolved its ethylene problem by rationalising capacity through the closure of three steamcracking units at Feyzin, Lavera and Gonfreville in France. He also believes Elf is in a relatively strong position as regards low density polyethylene, polystyrene and polyvinyl chloride (PVC). To reinforce Elf's position in sectors in which its chemicals operations are relatively weak, Sautier says the group wants to negotiate collaboration deals and joint ventures with other international chemical groups. Among sectors which Elf would like to reinforce are polypropylene production and high density polyethlene.

Part of the rationalisation of the chemical operations will entail some 2,000 layoffs during the next three years. "But there need be no drama about this," says Pecqueur. He believes these job cuts can be done either through early retirements or through other existing mechanisms to avoid too large a number of straight redundancies.

Both Pecqueur and Sautier, however, acknowledge that the restructuring decisions may be harder on some specific plants. "We are not going to scrap the old plants and start building the sort of petrochemicals complexes we dream of," says Pecqueur. But some plants clearly are doomed as productions are rationalised. "We believe we can restructure the business on what we have with some closures to make it competitive," Pecqueur adds. The problem for Elf is that it has taken over some 20 plants scattered throughout the country which are part of the particularly inefficient industrial heritage of the former French private chemicals industry.

To finance the restructuring programme, Elf intends to invest between FFr 800m and FFr 900m a year in the chemicals sector of which 60 per cent is to come from internal funds and the remaining 40 per cent is to be raised on the capital markets.

But Elf's own internal restructuring efforts will have to be matched by a number of crucial external factors, warns Pecqueur. The general international economic outlook will clearly be an important factor, especially since Elf intends increasingly to internationalise its chemical business. In France, the oil group is seeking the support of the French government in two key pricing areas. Pecqueur argues that Elf cannot hope to be competitive as long as it suffers from domestic price constraints on chemical products and it cannot secure more favourable electricity prices at home.

French chemical product prices, fixed by the government, have on average been about 20 per cent lower than in other European countries. This has prevented Elf from negotiating joint ventures with other chemical companies.

"How do you expect anyone to be interested in doing a deal with us if we offer them a loss making market in exchange for a profitable one," Sautier remarks. But in recent weeks, the situation has improved with the French Government allowing increases in some French plastic products. Pecqueur expects the Government to liberalise prices early next year to enable French companies to operate in a more acceptable commercial environment at home. At the same time, the liberalisation of industrial prices could enable Elf to resume negotiations on joint ventures with other chemical concerns.

Pecqueur is also pressing the French Government to help Elf by enabling the oil group to secure better electricity rates for use in its chemical operations. Negotiations between Elf and Electricité de France (EDF), the French electric utility, have already started. Pecqueur says the talks are very delicate but he argues strongly that his chemical group, which accounts for 3 per cent of French industrial electricity output, should be favoured.

Indeed, there is already a precedent. Pechiney, the aluminium group whose basic chemicals business has been taken over by Elf, negotiated a complicated deal this summer with EDF to secure better priced electricity. Part of the deal involves Pechiney taking a stake in a French nuclear power station. As one of the guiding forces behind the French nuclear programme, Pecqueur is in a strong position to negotiate a deal for Elf with EDF. After all, he says, France has established a unique nuclear electricity network which should also be used to support domestic industry.

Pecqueur also appears to be in a generally stronger position to negotiate with the Socialist Government than Chalandon was in his final days at Elf. Whatever his attempts to project himself as an independent industrial manager, Chalandon remained a highly political figure at Elf and one constantly needling both the Government and the legendary dirigisme of French public administration. Pecqueur, by contrast, is low key and projects the image of the technocrat. In this, he fits perfectly in the style favoured by Laurent Fabius, the young, influential but also low key, industry minister who dismissed Chalandon.

But apart from the complexity of managing a group like Elf at such a delicate time for the oil group, Pecqueur also faces a daunting personal challenge. Chalandon to all intents helped to build Elf into a profitable and glamorous enterprise and left just before the company took the big plunge in the heavy chemical business. It will be up to Pecqueur now, in his quiet way, to steer the company into a difficult era while preserving its image in France as the country's premier industrial group.

Less noise: more work

PEOPLE are making a lot of noise about noise at the moment.

The EEC has produced a draft directive proposing the harmonisation of occupational noise levels around a common maximum of 85 decibels, compared with a generally accepted present top level of 90 decibels in most member states, including the UK.

A change to 85 decibels would require reducing the maximum acceptable level of noise intensity by about one-third. In the view of the Confederation of British Industry, which has launched determined opposition to the proposals, it would cost UK industry "billions of pounds" to make the change.

But noise in the workplace is a real problem. The Health and Safety Commission estimates that at least 1m people work in an environment noisy enough to damage their ears, and it has launched a Noise Campaign aimed at convincing industry that it does not always cost a fortune to make improvements.

"Managements sometimes accept too quickly that familiar processes are just inherently noisy, and that any improvement would cost a lot," says Dr John Cullen, chairman of the commission.

"It's your hearing — protect it or lose it" is the slogan for the commission's campaign, which will include advertisements, workplace posters, direct mail, films and radio tapes.

Hearing can often be protected by the use of ear plugs or muffs. Employees tend, however, to dislike wearing them and most ear protectors are used wrongly, irregularly or not at all.

This makes the need to quieten noisy processes even more important and as part of the campaign the commission has produced a book (100 Practical Applications of Noise Reduction Methods, HMSO £7.50) designed to show that noise suppression can often be tackled for limited costs.

Case studies show that measures to reduce noise can sometimes provide other benefits like better productivity, lower absenteeism rates and a cleaner, safer working environment.

Alan Pike

BASE LENDING RATES

A.B.N. Bank	9 %	Heritable & Gen. Trust	9 %
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■ Charterhouse Japhet	9 %	Volkskas Intnl. Ltd.	9 %
Choulartons	10½%	Westpac Banking Corp.	9 %
Citibank Savings ¶	10½%	Whiteaway Laidlaw	9½%
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Duncan Lawrie	9 %		
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Exeter Trust Ltd.	10 %		
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First Nat. Secs. Ltd.	10½%		
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■ Members of the Accepting Houses Committee.
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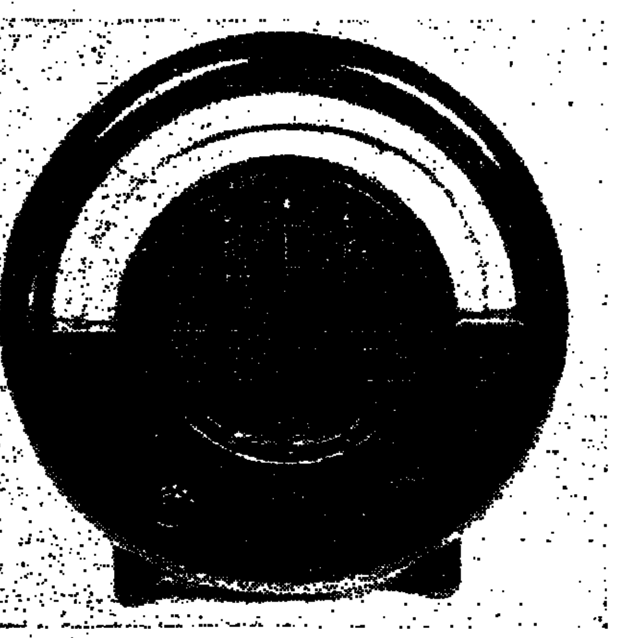
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.
Ω Money Market Cheque Account—8.75%. Effective annual rate — 9.11%.

THE ARTS

Left: Deer, designed by John Skeaping (1927) and an early Bakelite radio

Architecture

Colin Amery

A fresh look at British design

On Wednesday this week a major event takes place at the Victoria and Albert Museum — the first gallery in the museum devoted to the art and design of the 20th century opens to the public.

It has long been the responsibility of the grand old V and A to present through its primary galleries the complicated and fascinating history of the decorative arts. Until this week the artefacts of the 20th century, all of them made in Britain, have been lurking in the stores and basements of the V and A and to the casual visitor it has looked as though design stopped with the Victorians.

The importance of this gallery lies beyond the objects on view. The recognition of the fact that the furniture, fabrics, prints and sculpture of our own time are as representative of our creative strivings as painting and architecture is a crucial step forward.

The first gallery to be opened is called *British Art and Design 1900-1960* with an important subtitle "A collection in the making." This is only the beginning, when the Theatre Museum opens the galleries made available will tell the 20th century story up to the 1980s and beyond.

Gradually the V and A is sorting itself out within the confining corset of its wildly various buildings. Although I welcomed the recent opening of the Henry *Cole Wing another* visit has made me look again at the display of the Constable pictures in particular. Here the display design contrives to make the pictures look unattractive particularly in hideous glass cases. In contrast the new 20th century gallery is a cool lesson in elegant museum design.

The collection is to say the least heterogeneous. It includes furniture, textiles, ceramics, metalwork, sculpture, prints, drawings, posters and photographs. The designer, Christopher Firmstone, has chosen to put almost everything inside glass display cases that are as large as the average London shop window. He was briefed by the Museum to take especial care not to alter the architecture of the galleries (designed by Sir Aston Webb) and so his black timber structure stands like a framework in a larger room.

In style the setting for the objects is like a Mies Van der Rohe steel structure made in wood. The use of the deep top beams conquers the problem of museum lighting by making it invisible. Is the display of almost everything behind glass (dictated by the stringent demands of conservation) too much like the proverbial shop window? I don't think so — it is sufficiently reticent and controlled to let the objects speak for themselves. It may look a bit overcrowded but that, I think, avoids making icons of any of the objects.

The budget for the gallery was clearly not a large one but the generosity of the Baring Foundation and the Associates of the V and A has made it possible to expedite the showing of this part of the 20th century collection with some speed — we shall have to wait two more years to see the equivalent American and Continental objects.

It is such a relief after the old-fashioned didacticism of the Boilerhouse to see a view of the 20th century in Britain that is eclectic and not totally devoted to the view that everything *must* lead to the brave new world of modernism. It was the all pervading influence of Nikolaus Pevsner that prevented the fair assessment of alternatives to the modern movement.

It was Pevsner who saw Art Nouveau as a blind alley — now we can see it as an enriching movement and a proper style. The display is chronological, starting with Charles Rennie Mackintosh and ending with the furniture of arch-experimenters Alison and Peter Smithson in the *1950s*. Curiously enough it is the Mackintosh chair that looks so much more contemporary (real date 1900) than the struggles of the Smithsons to design a chair that looks like a Pogo stick.

In between these two extremes lie the rich achievements of the English Arts and Crafts Movement — a marvellous cabinet by C. R. Ashbee, metalwork by Archibald Knox, and a chair and other furniture by the inventive Ernest Gimson. There are examples of the work of the Omega Workshop — furniture painted by Vanessa Bell, Wyndham Lewis and Duncan Grant. Lutyens is represented as a furniture designer as is the later Eric Ravilious and even Basil Spence.

There are one or two brave and extraordinary things, particularly the great bed designed by Geoffrey Scott (of *The Architecture of Humanism)* — which is not unlike the St Ursula beds designed by Lutyens.

Unrestrained applause must accompany the opening of this collection but inevitably some questions arise. There are gaps to be filled and awkward choices to be made particularly what to show from the awkward spiky decade of the 1950s. Placing something in this gallery is like bestowing the *imprimatur* and the public and the student is going to ask why it is there? The question is hard to answer without the support of long term historical judgments and this is why I think we need to know more about the other works and achievements of the selected designers.

Publications will help but a major one is needed soon to correct the false perspectives of the "Pioneers of Modern Design Approach." This first display already goes a long way towards curing the astigmatic view of modern design and shows that the inclusive approach to collecting is far more honest and representative of our time. The V *and A has* done again what it does best of all—opened our eyes and breadened our vision — long may its new Trustees keep it on this path.

Glories of colonialism in Glasgow

Michael Coveney reviews Restoration tragedy at theGlasgow Citizens and a body-snatching scare at the Tron

It is exactly a month since the Queen opened the magnificant Burrell Collection, describing it as "proof, if it is needed, that Glasgow leads from the front in matters artistic." There are indeed many excellent galleries in Glasgow — not all of them, like the Burrell, built at a cost of £20m—but they are feeling the pinch. Glasgow theatre, too, is comparatively thriving. But on a shoestring.

No doubt Her Majesty's remarks could be read as complimentary towards both the Glasgow Citizens — where Thomas Southerne's 1696 Restoration tragi-comedy *Oroonoko* opened on Friday — and the bustling little Tron Theatre which is a year old and half way through its first season under the directorship of Faynia Williams. £400,000 has been spent on converting the Tron Kirk, with its splendid Robert Adam domed ceiling, into a comfortable 230-seater auditorium. The walls have been left to peel and the place has an eerily atmospheric charm. It is rather like Peter Brook's Bouffes du Nord in Paris, or the Almeida Theatre in London.

The Tron receives just over £90,000 a year in public subsidy, the Citizens about £400,000. The first is a friendly club theatre (over 5,000 members), the second certainly the most distinctive theatre in Britain and one of the best in Europe. But while it is estimated that the Burrell gallery could cost up to £3m a year to operate and maintain, the Tron and the Citizens have to scramble along, playing their cards right with the local authorities and the Arts Council, hoping against hope that things will improve.

And yet it is only *because* of them — and the Transport Museum (which is more or less falling down), and the People's Palace, and the *poor* old beleaguered Scottish Opera at the Theatre Royal — that Her Majesty can claim the Burrell to be anything remotely symptomatic of cultural well-being in Glasgow.

People often wonder why I keep visiting the Glasgow Citizens. One simple answer is that they do plays that nobody else does. Another is that they do recherché items from the classical repertoire (*Oroonoko* was popular throughout the 18th century but is virtually unperformed since then) with style, conviction, flair and imagination. They don't just do *Oroonoko* (like the National Theatre just *does*, say, *The Fawn*). They make it live, breathe and jump.

The *story* of an Angolan Prince taken in slavery on the the (then) British colony of Surinam was based by Southerne on a novel of Aphra Behn. Southerne's play is a fascinating mix of comic, fortune-hunting intrigue and measured, dignified tragedy in the highest style of Dryden or Otway. The Citizens' director and designer Philip Prowse presents these contrasting worlds as a soured, Maughamesque idyll on a beach littered with old calls and skulls, *a grey facade of a dubious* shanty town facing the audience.

Mr Prowse has compressed two of the British planters into one character (thereby a little capsizing the comic subplot) and rendered two other characters dumb. But this does not really matter. The main thing is that the scenario of mercenary and frustrated love, of dignity in chains, and of revolutionary outburst when the royal prince Oroonoko is stirred to action—all of this comes across in sensual, urgent terms, fuly justifying the piece as a remarkable dramatic treatise on colonialism.

The prince is played, magnificently, by Jeffrey Kissoon as a lithe and lissom black panther converted from monarchichal totem to champion of the oppressed by his faithful sidekick Aboan (a very fine performance by Laurence Rudic). His beloved Imoinda, an Indian sired by a white father, is given a strange, lobotomised power by Johanna Kirby and the British in soiled suits and dark glasses are led by Ciaran Hind's patronising Governor.

The comic plot involves the tricking of a rapacious old widow by a girl who has fled, in travesty *disguise*, the degenerate foppishness of Restoration London. The slavery theme expands from the tragic story at the centre to embrace the business of arranged marriages, even of domestic relationships (Jane Bertish as the Widow Lackitt keeps her son in a sailor suit at the end of a long rope). The status quo of marketplace ethics is first accepted by Orronoko then ravishingly rejected, Mr Kissoon launching his mutiny with a wonderful speech ("Thou hast roused the lion in his den") and, as a wedding party crosses the stage to the wheezy accompaniment of a harmonium, prophesying his own colonial dynasty in the flickering glow of a conspiratorial bonfire.

There are attempted strangulations, bloody immolations and a quite extraordinary suicide pact scene for the noble lovers that drives the play to its *bizarre conclusion. Mr Prowse* directs these passages with a relish both sensitive and florid. The bed-trick is handled with grotesque panache, the demise of the slave captain (Patrick Hannaway) hilariously arranged through the grilled trap. Gerry Jenkinson's lighting is exquisite and the whole evening an example of the confidence, finesse and visual flourish of the Citizens at their very best.

The Tron is about to revive Sam Shepard's *True West* and I trust it will be better than the play which finished its run yesterday, Richard Crane's *Burke and Hare*. This somewhat hackneyed subject was approached through the identity of the body-snatchers as a couple of impoverished Irish *Immigrants, which of course* they were. But Faynia Williams's production was hopelessly boring, redeemed only by the folk singing of Franchine Mulrooney as various victims and whores and the quiet dignity of Derek Lord as Burke as he stood in the dock listening to his colleague's treacherous evidence.

This sort of scrappy fringe production is not only bad in itself but badly out of date. A bit of folk music here, a decently written scene there, a childishly jolly punch up on the eve of another murder Dr Knox (Martin Black) stands aloft delivering an anatomical lecture, miming bits of the body. He ends by quoting from his 1850 *Races of Men* pamphlet forecasting the extinction of the Celt and world domination by the Saxon.

In the context of the play, this last speech did not make much sense. In the context of history, of course, it makes even less. I cannot think why on earth Mr Crane included it. But then there were not many clues as to why he had written the play in the first place anyway. Dull, dull, dull.

Oroonoko was a much better idea. And Oroonoko, of course, had a much better idea. Like the Burrell Collection, the Citizens Theatre is a credit to Glasgow and has been these past 13 years. It is early days for the Tron but, as the work improves, it will surely justify itself as both a challenge to the Citizens and as another jewel in the Queen's crown.

Matthews & Blake/BBC Maida Vale

Max Loppert

The current series of BBC Invitation Concerts at the Maida Vale studios has assumed, not quite fully, the burden of the disbanded (why?) College Concerts. Last Thursday's offering by the BBC Symphony under Mark Elder was a worthy coupling of recent works by British composers of what might be deemed, broadly but not wholly inaccurately, a neo-Romantic disposition.

Colin Matthews's Sonata No. 5, subtitled *Landscape*, is a substantial, chunky, and at *only* a single hearing rather unprepossessing stretch of musical argument for large orchestra. Its half-hour length is supplied by three linked sections, across which a kind of journey is unfolded from musical darkness to musical light. The "sonata" in the main title indicates procedural sympathies rather than pinning the work down to a precise formal pattern. For the *surface manner of the music* is in fact one of extreme, abrupt, and sometimes violent contrasts depicting the "dream state" of which *Landscape* is intended to be a musical reflection.

So the opening lurches forward and upward, slowly and lengthily, out of murky, double-bass-dominated orchestral depths; once these have been surmounted, a kind of Mah*lerian frenzy tends to dominate*, varied by an active, well-stocked percussion department, often jaggedly broken off, until at the close the movement of the music peters out in a sudden series of upward scurries. In the Maida Vale studio No. 1, which cruelly irons out dynamic and timbral contrasts, Sonata No. 5 seemed far more remarkable for its brute force of asseveration than for the *intrinsic interest*, variety, and malleability of its basic material.

The companion piece was the half-hour-long set of suites drawn by David Blake from his *Toussaint* (recently revived by the ENO) — an exchange of airs for the title character (Neil Howlett) and his wife (Sarah Walker) framed in brief orchestral recollections of the opera's three acts. The summarisation *has been achieved to fine*, clear purpose (though in this hall the two eloquent soloists tended to be submerged); the sum total of the movements was a colourful experience on its own account, as well as a reminder of an uneven but, at its best, potent and original piece of lyric theatre.

British premiere of 'Esclarmonde'

Dame Joan Sutherland returns to The Royal Opera House on November 28 to sing the title role in the first British production of Massenet's *Esclarmonde*.

The opera was revived for Dame Joan in Vancouver, New York and at the San Francisco Opera where the present production was first mounted by the Canadian producer Lotfi Mansouri, who is now working at Covent Garden for the first time.

Beni Montressor has designed the sets, costumes and lighting. The conductor is Richard Bonynge, who has conducted all the modern performances of *Esclarmonde* with Dame Joan.

Ernesto Veronelli, the Italian tenor, will be making his Covent Garden debut as Roland.

Bär, Cherkassky/Wigmore Hall

Max Loppert

To judge from his debut appearance on Friday, the judgment of the first Walther Gruner International Lieder Competition earlier this year in favour of Olaf Bär cannot have been a difficult one to reach. The young East German, in his mid-20s, is so attractive an artist—fair of face, candid and relaxed in his approach to an audience, and possessor of fresh, surely schooled lyric baritone—that in the midst of the usual earnest competition journeymen he must have arrived like a messenger from the god of Lieder singing.

Throughout a delightful programme of Mendelssohn, Schumann, Wolf, and Strauss, all in the singer's native tongue, the impression struck and held was not just of bonny charm but of a grasp of the *often mis*construed recitalist's art that was at once sound, unmannered, and fully sensitive. The basic values were right and properly ordered. Diction was the sort of pleasure that only a native German baritone can give. The awareness of the lyrical impulse beneath each of the chosen songs was winningly direct — there was none of that unrealistically ambitious teasing-out of detail and nuance that sometimes afflicts that young artist as a duty rather than an artistic discovery.

And the tone, except at the very top (which, though eminently "real", was pressed sometimes unnecessarily hard in this hall), remained beautifully true of focus at all dynamic and pitch levels. In several of the lyrical outpourings — Mendelssohn's "On Wings of Song" and Venetian Gondola Song, the more rapt meditations of the Heine *Dichter-liebe* — Mr Bär could afford to pursue a still firmer legato (his model in this, as in all things, should be Herbert Janssen). And it is easy to imagine how much sharper his view of Heine's glancing ironies and troubled enchantments is likely to become with further experience. Rarely has an account of the Schumann cycle by a debutant been so persuasive of a natural and personal response.

In the Wolf group, the light, delicate touch upon "Der Gärtner" and "Nimmersatte Liebe," quizzical and romantic at the same moment, suggested that the sharpening and matur*ing process is already under* way. Here, as throughout the concert, the presence of Geoffrey Parsons at the piano must have been the greatest possible stimulus to artistic adventue; for Mr Parsons was on his very best form, at once following and leading the voice without ever drawing attention to his own vast experience in the field. A final Strauss selection was a reminder that, though Mr Bär *has many gifts worth rejoicing* in, the basis of them is a brave and handsome vocal instrument.

*

Shura Cherkassky's recital in the same hall the following evening was a rather mixed affair. The description does not apply to the programme, straightforwardly planned, with none of the unexpected treasures Cherkassky sometimes likes to throw in — the Bach-Busoni Chaconne, both books of the Brahms Paganini Variations, and a Chopin group to close. At best, it was an occasion that reaffirmed Cherkassky as master of more than just the novel frisson (though in the major-key middle variations of the *first Brahms* book *the feline* caresses and insinuating whispers supplied plenty of those): big, bold playing of a grandly Romantic kind is no less a Cherkassky virtue. The paragraphs of the Chaconne were laid out with a superbly broad band; the whole piece moved with magisterial authority towards its properly planned and placed climax.

Elsewhere, however, there were more than the expected number of misfires and mishaps. The centre of the Chopin B minor Scherzo was a magical intimation of dream-like soft voices (the main melody in octaves sounding almost like a glass-harmonica fantasy). But *the larger outline of the piece* could not be fully communicated because of the splashy passagework in both outer sections. Even at less than full virtuoso potency, of course, a Cherkassky recital is an exhilarating experience; but in this one it was a rather fitful kind of exhilaration.

Guitarists, singers, big bands in Lewisham's first jazz festival

Two of the world's finest guitarists—Larry Coryell and Baden Powell—will perform together at Lewisham Concert Hall tomorrow, Tuesday. This is their only British appearance and it is also Baden Powell's debut in this country.

Guitarist Baden Powell (whose surname is de Aquino) is the son of a violinist who was also a leader of the Brazilian Boy Scouts. He now lives in Germany in, appropriately, Baden Baden.

The concert is presented by the UK branch of the International Jazz Federation as a part of the First Lewisham Festival of Jazz which opens this evening with a concert featuring singers Brook Benton and Kay Starr and the National Youth Jazz Orchestra.

Other Lewisham Festival concerts are: Wednesday, Georgie Fame; Thursday, Woody Herman and the Thundering Herd (sponsored by Citibank); Friday, Sarah Vaughan and Billy Eckstine and Saturday the Ted Heath Band (sponsored by News Shopper).

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Music

November 18–24

LONDON

Hallé Orchestra conducted by James Loughran with Peter Katin, piano. Mendelssohn, Chopin and Shostakovich. Royal Festival Hall (Mon). (928 3191)

English Chamber Orchestra conducted by Sir Charles Mackerras with Vladimir Ashkenazy, piano and musicians of the Royal Military School of Music. Handel, Beethoven, Susato and Mendelssohn. Royal Festival Hall (Tue)

London Symphony Orchestra conducted by Myung-Whun Chung with James Galway, flute. Beethoven, Kodaly and Corigliano. Barbican Hall (638 8895). (Tue)

Philharmonia Orchestra conducted by Kurt Sanderling with Mitsuko Uchida, piano. Haydn, Mozart and Beethoven. Royal Festival Hall (Wed).

Chilingirian String Quartet Beethoven cycle. Queen Elizabeth Hall (Tue). (928 3191)

English Chamber Orchestra with Vladimir Ashkenazy, piano and conductor. Mahler, Mozart and Bartok. Barbican Hall (Wed).

London Philharmonic Orchestra conducted by Christoph Eschenbach with Justus Frantz, piano. Mozart and Mahler. Royal Festival Hall (Thur).

PARIS

Ilva Ligabue recital (Mon) Theatre de l'Athenee (7426727)

Chamber Music J.-C. Pennetier, piano, R. Pasquier, violin, B. Pasquier, alto, R. Pidou, cello: Brahms, Chausson (Mon) Radio France, Grand Auditorium (3241516)

Zoltan Kocsis, piano: Debussy (Mon) TMP-Chatelet (2334444)

Pierre Amoyal, violin, Michael Rudy, piano: Mozart, Brahms, Franck (Wed) Theatre des Champs Elysees (7234777)

Orchestre de Paris conducted by James Conlon, Orchestre de Paris choir conducted by Arthur Oldham: Dvorak's Stabat Mater (Wed, Thur) Salle Pleyel (5630796)

Ensemble Orchestral de Paris conducted by Willfried Böttcher. Jean-Philippe Collard, piano: Haydn, Mozart, Mendelssohn (Thur) Gaveau (5632030)

Recital F. R. Duchable: Bach, Liszt, Beethoven, Chopin, Dukas (Thur) Theatre des Champs Elysees (7234777).

WEST GERMANY

Berlin Philharmonic: The Berlin Philharmonic Orchestra conducted by Zubin Mehta and pianist Yepim Bronfman play Rachmaninov, Penderecki and Stravinsky (Thir).

NEW YORK

New York Philharmonic (Avery Fisher Hall): Klaus Tennstedt conducting, Philip Myers horn. All-Strauss programme (Tue); Andrew Davis conducting, Cho-Liang Lin violin. Mercure, Sibelius, Nielsen (Wed). Lincoln Center (874 2424)

Jessye Norman: (Carnegie Hall): Recital with Phillip Moll piano. Schubert, Wagner, Duparc, Satie (Tue). (247 7459)

Musica Sacra (Avery Fisher Hall): Richard Westenburg, director. Mozart, Purcell, Jeremiah Clarke (Mon). (874 2424)

Merkin Hall: Gita Karasik piano recital. Scarlatti, Beethoven, Dutilleux, Chopin (Mon); Arnold Steinhardt violin, Victor Steinhardt piano. Beethoven, Janacek, Franck (Tue). 67th W. of Broadway (362 8719).

WASHINGTON

Philadelphia Orchestra (Concert Hall): Riccardo Muti conducting, Norman Carol violin. Penderecki, Saint-Saens, Mendelssohn (Mon). Kennedy Center (254 3776)

National Symphony (Concert Hall): Mstislav Rostropovich conducting/cello, Krzysztof Penderecki conducting, Galina Vishnevskaya soprano, Maureen Forrester contralto, John Gilmore tenor, Choral Arts Society conducted by Norman Scribner. All-Penderecki programme including the world premiere of Requiem (Wed). Kennedy Center (254 3776)

CHICAGO

Chicago Symphony (Orchestra Hall): Erich Leinsdorf conducting, Andre-Michel Schub piano. Wagner, Beethoven, Stravinsky, Berlioz (Wed). (435 6111)

ZURICH

Tonhalle: Stefan Askenase, piano. Beethoven and Chopin (Mon); Tomas Kramreiter, piano. Metner, Brahms and Rachmaninov (Wed): Hagen Quartet. Haydn, Mozart and Brahms (Thur).

Lübeck's Film Festival

Ronald Holloway

This was by far the German season's most enjoyable film festival: the 25th Nordische Filmtage Lübeck (November 3-6). The Northern Film Days – sometimes simply referred to as *the* Scandinavian film festival, takes place in the Hanseatic city of Lübeck on the Baltic. It is the annual meeting-place of film guests and representatives from Denmark, Finland, Iceland, Norway, and Sweden. Only films from the five Scandinavian countries are shown, but this is enough to draw a large gathering to view over a long weekend the season's product from the film studios in Copenhagen, Helsinki, Reykjavik, Oslo and Stockholm.

The silver jubilee brought out a record total of 400 registered guests. "We strained the capacity of our best hotels," mused festival director Bernd Plagemann behind his usual broad grin, "and this is not what you would call the high tourist season!"

Many come regularly to Lübeck and the filmtage to enjoy the delights of the city. It is a place where public officials gather with pleasure and the same goes for those associated with the production and appreciation of quality Scandinavian films.

It was a film club under pharmacist Rolf Hiller that presented the first Nordische Filmtage in September, 1956; with the exception of three years the series of recent and classical Scandinavian films has been scheduled annually ever since. When the city's cultural minister offered a modest subsidy in 1971, the festival was officially housed in the Kammerspiele of the Städtische Bühnen, a theatre promptly equipped with appropriate projection equipment.

Several festival guests this year openly confessed to beginning each day with a prepared walking tour of the city. The famous Hans Memling "Passion Altar" (1491), commissioned as a triptych by the wealthy Greverade Family for a private chapel in Lübeck Cathedral, is still in the St Annen Museum (a former Augustinian cloister); it may find its way back shortly to the original site, now that the Dom has been fully restored.

Two of the town gates and several *Backstein-Gothic* edifices – among them, the oldest existing hospital (Holy Ghost Hospital) in Europe, constructed between 1276 and 1286 – delight the eye, but the building that attracts film people is the city's Salt Warehouse on the waterfront. Dating from the 16th century, the site served as the quaint, eery backdrop for the harbour scenes in F. W. Murnau's *Nosferatu* (1922).

A dozen new and recent feature films drew healthy crowds to the Kammerspiele, while another dozen films comprised an equally attractive retrospective at the nearby Zentral-Theater. As an extra treat, the organization – Bernd Plagemann, together with Hans-Gerd Kastner and Hauke Lange-Fuchs – selected a series of children's films in an information section and invited directors of other German festivals (Berlin, Oberhausen, Mannheim and Hof) to send a prominent recent German production from their respective programmes.

There were salutes to both the festival and directors of past and present entries. Danish animator Bent Barfod has been entering cartoons for as long as participants here could remember. His latest, *Thor's Hammer*, was presented on the official opening night.

Another treat was Jørgen Roos's *Trailor* (Denmark), made especially for the silver anniversary and packed with images of today's Lübeck and stills and posters from past Northern Film Days. A third Danish film, Bjarne Henning-Jensen's *Ditte, Child of Man* (1946), received as warm a welcome from a young audience as it did at the first Scandinavian Festival in 1956.

The retrospective was an eminent success. Finland sent a recently restored colour-tinted copy of an early silent feature, Erkki Karu's *The Village Shoemakers* (1923). Sweden was represented by the Moritz Stiller classic silent, *Sir Arne's Treasure* (1919); the print itself is a glory to behold. Iceland was on the schedule with its "breakthrough film" Ågust Gudmundsson's *Land and Sons* (1980), a familiar title at several international festivals. Norway chose a prizewinning film by a well-known woman filmmaker: Anja Breien's *Wives* (1975).

To these should be added a specially produced documentary by Norddeutscher Rundfunk in Hamburg, Jochen Wolf's *Invasion from the North*, which was screened just before the festival and programmed again during the Filmtage. This document on the Scandinavian silent film (1909-29) pays special tribute to the heyday of the Swedish film, but another warm embrace is given to Nodisk film production in Denmark: in 1906, 125 films were produced; in 1910, that total had risen to 203; in 1914, a peak of 268 was reached; and at the end of the first world war, in 1917, the Copenhagen studios were still turning out 108 productions.

Among the new Scandinavian productions a film from Sweden particularly impressed: Agneta Elers-Jarleman's *Threshold of Pain*. It is a documentary drama with a human message, about a young couple whose love is challenged to the limits by an automobile accident that leaves the male partner blind, mute, and half-paralysed. The filmmaker tells her own story without, so to speak, squeezing a lemon to make it cry. That film alone made the festival a memorable anniversary event in the Kammerspiele.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
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Monday November 21 1983

Mrs Thatcher and the Airbus

"I DO NOT want another Concorde on my hands," the Prime Minister remarked in the House of Commons last week, when pressed to give her support to the proposed Airbus A320 airliner. In a firm response to the lobbying efforts now under way, Mrs Thatcher said she was anxious that the new aircraft should be a great commercial success.

She is right to be sceptical. The post-war record of government decisions on major industrial and technological projects is not encouraging. The very large sums spent on supporting civil aircraft and aero-engines have produced some technically impressive machines, but little commercial success. Concorde was the outstanding case, matched only by the choice of the advanced gas-cooled reactor (AGR) for the British nuclear power industry — one of a long line of bad decisions in the nuclear field.

Weaknesses

Can anything be done to prevent a repetition of these errors? In his study of the Concorde and AGR programmes Professor David Henderson argued that weaknesses in the British administrative system increased the risk of error in big spending decisions. In particular the administrative conventions had the effect of "narrowing and constricting the flow of information and ideas at precisely the stage of the decision process at which different views, if they exist, should be actively sought out, articulated, widely diffused and openly discussed."

Another flaw, he thought, was the lack of a built-in check against professional or organisational bias. Too often "the only authorised and acknowledged sources of expert advice are interested parties to a decision or strongly predisposed to a particular course of action."

A similar point was made by Mr Keith Hayward in his recent book, Government and British Civil Aerospace. "The experience of civil aerospace suggests that a closed policy system is not conducive to good decision making. There must be some opportunity to test policy assumptions, to query the range of uncertainty and to point to gaps in analysis perhaps deliberately omitted for political or bureaucratic reasons."

Possibilities

Within Whitehall a body like the Central Policy Review Staff might have provided the necessary check — if it had not been disbanded by Mrs Thatcher. But as Professor Henderson pointed out, the CPRS was part of the official structure and had to respect the conventions. He favoured a new institution, outside Whitehall, specifically created to analyse and review British public expenditure programmes.

Parliamentary select committees can make some contribution here, but they lack the professional staffs which their American counterparts enjoy. There are attractions in the idea of a joint committee on industry and technology from both Houses of Parliament, especially in view of the high level of experience and knowledge which is represented in the House of Lords; but again the professional support would have to be substantial. Another possibility would be to expand the role of the Auditor and Comptroller General, so that he and his staff could examine the implications of major spending decisions before rather than after the event.

It is not enough for the Government to make more information publicly available, welcome though that would be. There is little tradition in the UK of expert, independent analysis of major technological and industrial decisions. It is unlikely to be developed without an appropriate institutional framework.

A civilised institution

THE BRITISH Commonwealth is no more: it has long become The Commonwealth, yet its Britishness is patent. When the Commonwealth heads of government meet in New Delhi this week their common language will be English—not as a foreign language learnt to communicate with foreigners, but the language in which most of them conduct their politics and public affairs at home.

With the language they have adopted a wide range of attitudes and habits. Pride of place goes to the democratic, parliamentary system. Nobody will pretend that all 48 member states of the Commonwealth are models of democracy. But it is a remarkable fact that only two have full-blooded military dictatorships. In a country as important as Nigeria democracy was re-established after a period of military rule.

The Britishness of the Commonwealth is seen also in the largely similar legal systems of the member states, which have been inherited from the former colonial masters. It is an important, though little noticed, function of the Commonwealth Secretariat in London to provide assistance to newly-independent states with the drafting of their legislation.

A peculiar blend of historic survivals with day-to-day pragmatism also reflects the Britishness of the Commonwealth. Though the Queen is head of the Commonwealth and head of state of most of its members, room has been found for those, such as India, which preferred a republican form of government for themselves.

Evidence

But far more immediate practical differences need to be straddled within the Commonwealth. It embraces industrialised and developing countries; large regional powers and tiny islet states; ancient political cultures and bodies politic that have only just begun to emerge. Most of its members also have other allegiances—in the Caribbean Community, Asean, the Organisation of African Unity Britain itself has joined the European Community, yet the Commonwealth survives.

It is remarkable evidence of that survival that the Commonwealth has pursued a consistent line on one of the main questions of the age: that of racial equality and decolonisation. In 1961 the heads of government, at Singapore, ejected South Africa from the Commonwealth for its pursuit of apartheid. Sixteen years later, at Gleneagles in Scotland, they adopted a statement committing them to discourage sporting contacts with the South Africans. At Lusaka, in 1979, they laid the groundwork for the policies which eventually led to the end of civil war in Rhodesia and the establishment of the state of Zimbabwe there.

Controversy

None of this has gone by without controversy. Fingers have been pointed at Britain for being insufficiently firm in its rejection of South Africa. At New Delhi there will be more recriminations about sporting contacts. London may feel irritated, but the fact is that the Commonwealth link has helped to maintain a British involvement on the world stage. Such involvement ought to be generally accepted now that the European Community itself is attempting to play a role in extra-European politics.

Few immediate practical results are likely to flow from New Delhi. But that is not really the purpose of these meetings. At their heart there is a two-day "retreat" when the heads of government can talk far away from the Press and with no fixed agenda. This retreat provides the opportunity for ideas to germinate. It is a process of cross-fertilisation that can be very productive, even if the results do not show up for some time.

By providing a family bond across the deep divisions in the world today, the Commonwealth does fulfil a worthwhile function. It has tied Britain into a new and ever-changing world beyond the immediate European horizon. It has given many a former colony a greater feeling of security than it might otherwise have had.

Commonwealth supervision of an election and a team of commonwealth military advisers helped to pick up the pieces in Uganda after the Amin dictatorship. Agreement among all members about the U.S. invasion of Grenada was impossible, but there is the prospect of a part for some Commonwealth states in restoring political order on the island.

We are dealing very much with intangibles. But intangibles often determine politics. The Commonwealth may be full of contradictions, it is no repository of real power. But it has proved its worth as a civilised institution.

EUROPE'S COMPUTER INDUSTRY

IBM's rivals strike back

By Guy de Jonquieres

WESTERN EUROPE'S computer manufacturers, long divided by nationalistic policies and parochial rivalry, are at last discovering some common ground. Thrust onto the defensive by a resurgent International Business Machines (IBM), the world industry leader, they — with some support from U.S. manufacturers—have begun to pull together in an effort to change the competitive odds.

They aim to counter IBM's huge power by challenging its control over what amount to the *de facto* technical standards for much of the market. More than three-quarters of the world's large data processing centres use IBM equipment, and it is estimated that its customers have invested some $300bn in software designed to run on its machines.

For some European manufacturers, the challenge is starting to look like a survival issue. A decade or so ago, several of them dreamed of taking on IBM head-to-head. But today, in spite of years of massive Government assistance to national flagships such as Britain's ICL, France's Bull and West Germany's Siemens, none of them can match it even on their home territory. As their market shares have dwindled, the burden of supporting their own systems standards—all of them technically different—has grown.

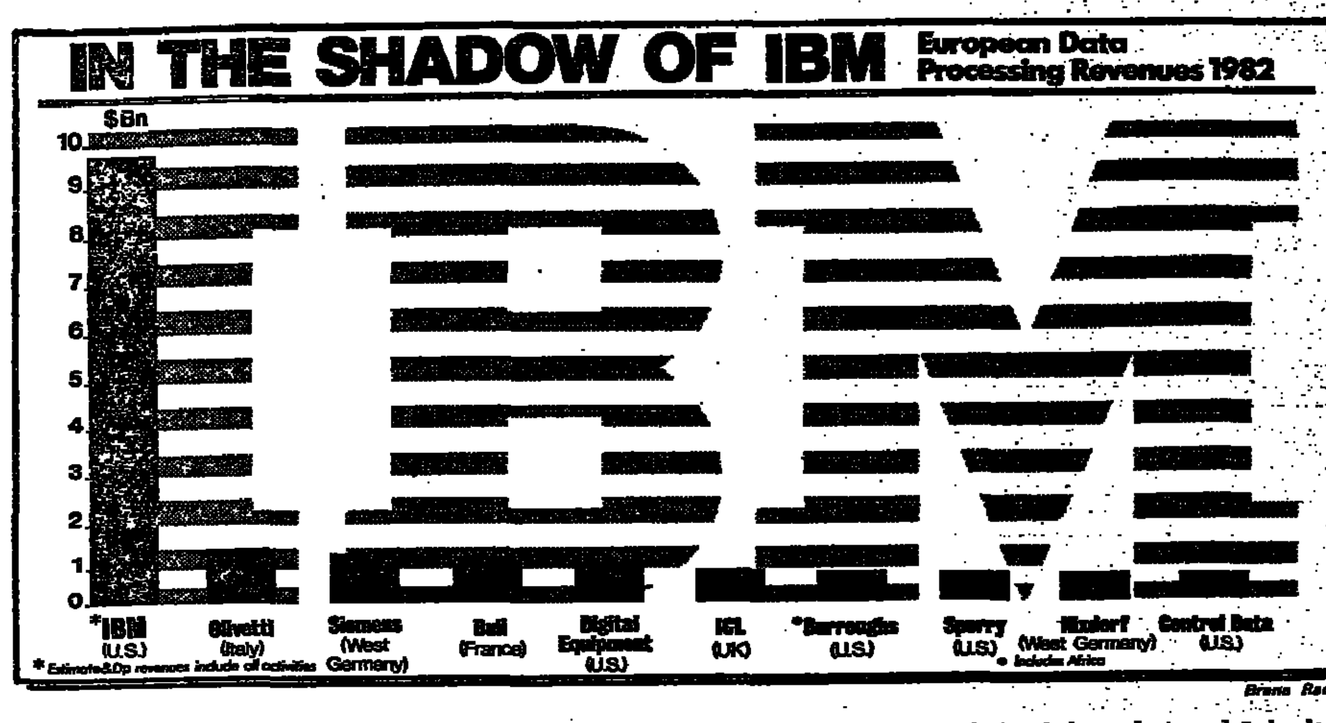
IBM, which had a total turnover of $34.4bn last year, is the biggest supplier in almost every country in which it operates. Its European data processing revenues of almost $10bn last year equalled the combined turnover of its 10 closest competitors It employs more than 100,000 people—only a handful of them Americans — at 16 plants and nine research and development facilities in Europe.

Weaning business away from IBM is no easy task. The company's sales force is highly skilled at exploiting its competitors' weaknesses and capitalising on "fear, uncertainty and doubt" among users faced with major purchasing decisions. Its formidable reputation as being the least-risk option is encapsulated in the industry adage that no data processing manager was ever fired for buying from IBM.

The European industry's hopes for taming IBM rest on a two-pronged approach. One element is the competition case brought three years ago by the EEC Commission. It has charged IBM with abuse of a dominant position for allegedly pursuing unfair business practices.

The central issue is the Commission's contention — hotly denied by IBM—that the company has inhibited its competitors by withholding vital "interface" information about new products until they are shipped to customers.

Companies such as Amdeh of the U.S., which make "plug-compatible" equipment designed to work with or replace IBM machines, have long complained that the practice makes it much harder to compete. They, and a growing number of European companies, want IBM to publish the information when it first announces new products, to give them more time to develop compatible equipment.



Brana Radovic

The second prong is a drive to secure international agreement on common technical standards for the new generation of electronic information systems. These systems, which are expected to be one of the industry's biggest growth areas, use complex communications networks to link terminals and computers for purposes such as electronic funds transfer and office automation. Without common standards, it is hard to get terminals made by different manufacturers to "talk" to each other.

The ultimate European goal is to devise a comprehensive set of rules providing for "open" inter-connection of all kinds of terminals so that they can talk freely to each other over networks. If that could be achieved it would make it much harder for any manufacturer to impose its own standards on customers and competitors.

"It's not just a question of keeping a competitive industry, it's also about keeping open the electronic highways of the future," says Herr Klaus Luft, deputy chairman of West Germany's Nixdorf Computer, a strong supporter of common standards. Mr Michael Naughton, chairman of Langton, a British consultancy, adds: "Five years ago, standards were something of an academic joke. Today, they mean real live business."

Behind the impetus for standardisation lies mounting European concern at IBM's increasingly tough tactics. For much of the 1970s, IBM appeared to be resting on its laurels. But in the past five years it has aggressively recaptured the initiative, accelerating the pace of its new product introductions, slashing its prices and expanding boldly into new growth markets.

It has stunned the rest of the industry with the landslide success of its personal computer, which has become the market leader in the U.S. only two years after its launch, and it is advancing into new fields including factory automation and computer-aided design.

It is also seeking, with some success, to enter the telecommunications business in the U.S. and Western Europe. It is supplying much of the West German Post Office's new public videotex information system and is in advanced talks with British Telecom on a plan to set up a nationwide electronic funds transfer network.

The network, which would be designed to be linked to as many as 700,000 terminals in banks and retail outlets, is envisaged as the backbone of tomorrow's "cashless society." IBM would provide the computers to control the network, data encryption techniques and the terminal access arrangements, with BT supplying the special communications systems needed.

IBM is also making it much harder for outsiders to discover exactly how its products work. For instance, it is concealing in some of its most powerful new software the "source code" which provides essential clues about how the programmes are constructed. IBM says the policy is intended to prevent customers from making unauthorised changes which could impair the performance of their machines. Its rivals *accuse it of trying to foil competition.*

"We are facing a different IBM than in the past," says Dr Elserino Piol, chief corporate planner at Italy's Olivetti, whose attempts to thrust into the U.S. personal computer market have been blunted by IBM's success. "IBM no longer allows room under its umbrella for others. It won't eliminate competiton entirely, but only the fittest competitors will survive."

Fears of being crushed in a global battle between IBM and the Japanese

Many industry observers interpret the dropping of the U.S. Justice Department's anti-trust case against the company early last year as a signal to IBM to pull out all the stops. Some also believe that the Reagan Administration views IBM as a powerful weapon for neutralising the Japanese challenge to U.S. leadership in advanced electronic technology.

That impression is reinforced by last year's FBI "sting" of Japanese companies accused of stealing IBM secrets. IBM has also stepped up its activities in Japan, where it appears to be pursuing a "divide and rule" policy by forging alliances with companies such as Matsushita Electric, with which it is not in direct competition.

IBM executives have, indeed, hinted privately that their main target is Japan, and that by tackling it head-on the company is also doing Europe's electronics industry a favour. The argument has cut little ice so far with European companies, several of which in any case rely on Japanese computer manufacturers to supply some of their products and technology.

The industry's fears of being crushed in a global battle between IBM and the Japanese have found an echo in the EEC Commission. Officials in Brussels admit that they are now giving their competition case higher priority than before. They acknowledge that it could have important implications for the future of Europe's information processing markets and for the results of industrial collaboration on projects such as Esprit, the $1.5bn EEC-backed research programme into advanced electronic technologies.

IBM is clearly taking it seriously too: it has lobbied hard against the charges in European capitals and earlier this month, it submitted a proposal for a negotiated settlement which is still being studied in Brussels.

Even if the Commission ordered IBM to amend its practices, however, the effect could be more psychological than practical. The technicalities of interface information are hideously complex, and some computer experts doubt whether it would be possible to enforce meaningful changes.

Some companies, including ICL, Olivetti, Bull, and West Germany's Nixdorf, believe that their drive for common standards offers a more effective method of balancing the competitive scales in the longer term. They are pressing hard in bodies such as the European Computer Manufacturers Association and the International Standards Organisation (ISO) to speed up the immensely cumbersome and long-winded process of standard writing.

The effort has started to bear fruit. The ISO has recently taken a number of what Mr Naughton of Langton calls "important and unexpectedly rapid" decisions on "open systems" standards for data and office networks.

However, it is one thing to agree on standards but quite another to get them implemented. The ISO's broad international membership harbours widely differing attitudes and traditions. The U.S. in particular, has historically looked askance at institutionalised standard-setting, often preferring to let the market decide. In Europe, by contrast, state telecommunications monopolies (PTTs) have long acted as powerful enforcers of national standards.

Even in Europe, the creation of a standard does not guarantee that it will be automatically applied. In Britain, for instance, more than three years after British Telecom published its standards for teletex — an advanced, computerised telex network—the service is not yet in full operation and there are few suitable terminals installed.

The EEC plans to try to speed up implementation, however, by using public procurement power more actively. Talks are going on between the Commission, industry and European governments on proposals which would require a proportion of all public sector purchases of electronic equipment in the Community to be to international "open system" standards.

Proponents of common standards argue that, by opening up the market, they would give every section of the electronics industry a fair crack of the whip. Mr Robb Wilmot, managing director of ICL, says that small entrepreneurial companies would have a better chance to sell innovative products internationally and large manufacturers would be freed to devote more resources to exploiting specialised market niches.

Even if the recent progress made in ISO and other bodies is sustained, however, considerable uncertainties remain. While much of European industry may endorse "open systems," they will have little impact in the huge U.S. market unless powerful American industrial interests overcome their past indifference to institutional standards.

Achievement of genuine common standards just within the EEC would be an advance *on the hotchpotch which exists* today. But it could prove a two-edged weapon. Turning the market into a free-fire zone could open up new commercial targets for Europe's smaller competitors.

Yet it would also place them even more directly in the firing line of the heavy industrial artillery of both IBM and the Japanese. If European manufacturers are to defend themselves successfully, they will need to buttress their new-found zeal for standards with sound corporate strategies, innovative products, efficient organisation and an aggressive will to win.

A second article will examine IBM's position in the French computer market.

Men & Matters

Inside man

The Foreign Office today welcomes a new assistant under-secretary with more "inside" experience of the EEC than any other of its senior officials.

After two spells at the European Commission totalling nearly 10 years the high-flying Michael Jenkins will, among other things, begin grappling at once with the Cyprus problem as assistant under-secretary for Europe.

Jenkins first went out to Brussels as chef de cabinet to the Labour Commissioner George Thomson who was charged with developing the community's regional development policy.

After staying on for six months to help President of the Commission Roy Jenkins settle in, Michael Jenkins came back to the FO in 1977 to look after the section dealing with the EEC's external affairs.

In early 1979, Jenkins Roy lured Jenkins Michael back to the Berlaymont to set up a Commission "think tank." Later Jenkins Michael was promoted to the lofty and powerful post of deputy secretary general of the commission from which which position he represented the commission in the deliberations of the political committee (which prepares the foreign ministers political co-operation meetings).

If he wishes, Jenkins will now be able to snipe at the commission from his new perch — he will also be deputising at political committee meetings for the FO's political director, Julian Bullard.

"Read the gas meter? I'm surprised Mr Lawson hasn't come in person."

Chancellor's Bill

A hitherto unreported aspect of the autumn statement is that the Chancellor of the Exchequer may have consented to putting the household expenses of his own residence, 11 Downing Street, under the microscope.

When the BBC wanted to send round a radio car to conduct an interview on the morning after the statement, Nigel Lawson insisted that it should be equipped with copies of all the morning newspapers—so he could read their plaudits and/or criticisms before going on the air.

Rude mechanicals

Women see engineering as an unfeminine activity associated with dirt, noise, strikes, and even unemployment, says Alex McKay, secretary of the Institution of Mechanical Engineers, which is naturally concerned about such matters.

McKay thinks they are, in fact "merely expressing the views of society in general but saying it more effectively than the boys.'

Pointing out the size of the credibility gap in the house journal of the professional engineers he says that fewer than 1 per cent of the institution's 77,000 members are women.

In fact only 150 women have graduated in mechanical engineering from British universities in the last five years.

The present picture looks marginally brighter. About 3 per cent of the institution's students are now women. But McKay believes the figure should be nearly 10 per cent. Too many women still see engineering as a profession embracing little but steelworks, foundries, and repetitive production lines, he contends.

Wine waves

California is awash with wine. With three litres of Gallo or Almaden table wine selling for under four dollars, Chablis and Burgundy are cheaper than Coca-Cola in many stores.

To make matters worse, European wine producers have deluged the state with their surpluses which are promoted as snobbish alternatives to the common-or-garden local varieties.

To save California wineries from sinking beneath the alcoholic flood waves, and to combat the efforts of European competition, a group of senators in Washington DC volunteered to drink some of the stuff this week.

At Capitol Hill's first Press conference featuring a wine list, they announced the formation of a "wine caucus" dedicated to eliminating tariff barriers that American wines face in foreign countries.

The event was also a booster for a proposed "wine equity bill" that is under discussion in both congressional and senate sub-committees. The bill would give foreign wine-producing nations 100 days to eliminate import tariffs, or face the same tariffs and taxes that they impose on U.S. labels.

Uncorking the Caucus, Senator Pete Wilson of California, pointed out that Americans are buying $750m worth of foreign wines each year while U.S. producers can sell only about $38m abroad. The imbalance has nothing to do with the quality of the wine, he assured reporters, sipping a sample.

Senators from New York, Washington and Virginia echoed his concerns. Also supporting the wine bill was Senator William Cohen from Maine. No, Maine does not produce wine, "but people in Maine sure drink a lot of it." said the Senator's aide.

Piano forty

Phillips, the London auctioneers, will hold the world premiere of a new work composed for 40 pianos on Wednesday.

Forty out-of-work pianists, recruited through magazine advertisements, will perform Work for Unemployed Pianists, by Richard Reason, aged 35, a composer and Phillips' resident piano specialist.

The piece will be played on a range of instruments varying in quality from an £8,000 Steinway concert grand piano to an upright for which the auctioneers are seeking £20. All the pianos are to be included in a sale later.

The pianists, who are required to be jobless and to have a basic knowledge of the keyboard, will receive £5 each in expenses.

As Phillips cannot guarantee that all the pianos will be in concert pitch, guests are being advised to bring their ear-plugs.

Out of control

A United Nations report says it is impossible to introduce family planning on a national scale in Iraq owing to shortage of manpower.

Observer

BRITISH CIVIL AVIATION

The coming policy crunch

By Michael Donne, Aerospace Correspondent

A MAJOR *review of the UK's* entire civil aviation policy, covering airlines, airports and route licence regulations, is now widely regarded in the airline industry as urgent.

This belief stems from the Government's own plans to privatise both British Airways and the British Airports Authority, and the reactions to those plans from the rest of the air transport industry.

The past fragmentation of government attitudes towards all three elements of civil aviation—airlines, airports and routes—has allowed each to develop in its own way, often with no regard whatsoever for the others.

The result is that in all three areas problems are surfacing which, it is argued, need urgent remedies. These can probably only emerge from the creation of a new, unified civil aviation strategy in which all elements of the industry are closely dovetailed.

In airline matters, the major forthcoming issue is the privatisation of BA, and the row developing over the fears of British Caledonian Airways and other independent airliners that they may be damaged or even *driven out of business by the* resulting monster.

In airports, the need is to settle, once and for all, the 30 years of wrangling over providing adequate airport capacity for London and the South-East. This means settling the row over whether to build Terminal Five at Heathrow or a major new airfield development at Stansted, coupled with a coherent policy for the long-term development of regional airports.

In route licensing, and regulation, the Civil Aviation Authority needs some new, clear direction as to how far it can go in achieving more competition on domestic routes *between public and private air*lines, and between UK and foreign airlines on international routes.

Sir Adam Thomson, Chairman of British Caledonian, has submitted a scheme to the government for the purchase of some £200m of BA's assets prior to privatisation. Many in the independent airline sector argue that this is no mere "smash and grab raid," as Lord King, chairman of British Airways has described it, but a genuine reflection of concern over the results of BA's impending privatisation.

Ashley Ashwood

Privatisation *foes:* Lord King of BA *(left)* and Sir Adam Thomson of BCal

The current government intention is believed to be to go for 100 per cent privatisation of BA, which the airline's management would prefer, with a revised capital structure. The airline's £1bn plus of debt will have to be either written off, or *readjusted (perhaps by the* injection of new equity capital). It represents cash borrowed at commercial rates on world markets to buy aeroplanes, bearing heavy interest annually.

Those debt repayments are guaranteed by the government against possible default by BA, and some provision for an adjustment or continuation of that guarantee will have to be given before privatisation can be achieved.

Having undergone a traumatic internal reorganisation, in *which staff numbers have been* reduced from more than 56,000 to about 36,500, routes cut, some aircraft and some assets such as buildings sold, the airline's costs have come down sharply.

With a recovery in traffic now under way, it is back to profitability. For the first half of 1983-84, the net profit was £162m, with a forecast of between £200m and £250m for the full year. Lord King believes that if this recovery continues, BA will be ready for privatisation by late next year.

What is *frightening* the independents, headed by BCal, is that BA already accounts for 83 per cent of all UK scheduled domestic and international passenger seats available. BCal has only 13.4 per cent and the other independents the rest.

If, on top of this, BA is given a virtually clean balance sheet and a new capital *structure*, it will emerge as one of the most powerful forces *in* world civil aviation.

Sir Adam says it would be "unassailable," and could "*stifle*" the UK independents.

An unspoken, but parallel, *fear is that, although privatised,* BA will remain in many Government and Whitehall minds as the major UK flag carrier and will thus win preferential treatment in future allocation of route rights, both domestic and international.

The volume *of assets sought* by BCal represents only about one tenth of BA's overall turnover. If achieved, it would still leave BA controlling 70 per cent of all UK scheduled air transport effort.

Where the BCal plan is more open to question is Sir Adam's threat of quitting Gatwick and seeking to put all BCals flying operations into Terminal Four at Heathrow (now being built), while keeping its maintenance base and headquarters at Gatwick.

Sir *Adam* argues that by operating even his present network out of Heathrow, he could make some £28m extra profit a year.

Whether such a switch is actually possible is debatable. The British Airports Authority is now discussing the future occupancy of Terminal Four, capable of handling 8m passengers a year. It becomes available in 1985, and BCal does not yet figure on the list of serious contenders. Moreover, BCal moving to Heathrow would cause immense overcrowding at that airport, and some existing airlines there might have to move out.

They would probably resent it, as past experience in trying to encourage some of them to move to Gatwick voluntarily has shown.

Yet another factor is that BCal itself would have a big addition to its costs with its flying at Heathrow and its maintenance at Gatwick.

The heavy additional cost of such a "split base" operation *is one reason why so many air*lines, BA included, have been so bitterly opposed to the proposed development of Stansted in Essex, and have favoured yet another terminal—Terminal Five—at Heathrow.

Any BCal descent on Heathrow would probably strengthen the case for developing Terminal Five there, just to create more room on the ground. But it would probably also necessitate the Government abandoning its plan for a ceiling of 275,000 aircraft movements at *the airport when Terminal Four* comes into operation, pushing the figure up to perhaps 300,000 or more, with all that would mean environmentally.

At the *same time*, it would create spare capacity at Gatwick, just when a new terminal there is being built to push capacity up from 16m to 25m passengers a year. The government would thus be faced with hopeless overcrowding at Heathrow, getting progressively worse, along with unused new capacity at Gatwick, and a vast *available space at Stansted.*

That is why it is almost impossible for the government to separate the need for a new airlines policy from a new airports policy.

The most critical issue is deciding between Terminal Five at Heathrow, or developing Stansted.

This is closely coupled with the government's plan to privatise the British *Airports* Authority.

If the Government decides to fragment the Authority, selling *off major airports* as entities in their own right, any fifth terminal at Heathrow, costing several hundred million pounds, could probably be paid for out of Heathrow's profits, and be of material long-term benefit to that airport's finances.

But that would be a disaster for the *Airports Authority. A* BAA deprived of Heathrow would be a heavy loss-maker (Heathrow profits, and to a lesser extent those from Gatwick, effectively subsidise everything else), and any decision then to develop Stansted would be thrown back onto public funds, which is the last thing the Government wants. An *authority privatised as a* single organisation would be much better placed financially to undertake whatever the government decided to do about developing new airports or terminals.

This is where airline regulation also comes into the debate. There is increasing criticism of the way in which the Civil Aviation Authority licenses airlines on UK domestic and even international routes.

BA is bitter because the CAA has given routes to independent airlines to compete with it at home, and the independents are upset because they cannot get an adequate share of lucrative international routes. This is because the current system of dividing traffic with foreign flag airlines favours BA in the UK and because foreign governments are reluctant to give up anything to additional British airlines on specific routes.

There is a lack of formal government direction to the Civil Aviation Authority on the overall "liberalisation" issue on domestic routes, and many independent airlines feel that not enough is done by Whitehall to help them win international routes.

The upshot of all these issues, therefore, is a belief by many in the industry that there is a vital need for a coherent government strategy to ensure that as air traffic grows through the rest of this century, all the elements in the civil aviation system can also grow profitably and smoothly.

The Autumn Statement

How the Treasury reached those forecasts

By Samuel Brittan

LAST THURSDAY'S Autumn Statement was undoubtedly the first draft of Britain's real Budget. The statement of that name in March will be mainly *a matter of revision and detail*, together with guidelines on monetary policy and the medium term.

Meanwhile those who have *some personal* acquaintance with Mr Nigel Lawson, the Chancellor of the Exchequer, have been highly amused by the attempts of instant commentators to see his personality behind the official forecasts, which were more optimistic than mainstream outsiders on both output and inflation.

I am sorry to disappoint the more romantic interpretations, but that is not how the numbers were reached. Even Sir Terence Burns, the Treasury's Chief Economic Adviser, does no more than make (admittedly influential) suggestions about approach and methods to the technical team, which has independent responsibility for the draft forecast document. After that, the influence of both Sir Terence and the Chancellor are limited to discussing where to strike the balance "well within the range" thrown up by the *forecasters. There is no sug*gestion that the present Chancellor intervened more than his predecessors or that Sir Terence is in any way unhappy with the published numbers.

The area where there was room for top-level judgment was the estimate of a "negative fiscal adjustment" or possible need for modest tax increases of £½bn in *1984-85, if* the £8bn Public Sector Borrowing Requirement (PSBR) target is to be met. The adjustment could have easily been rounded off to zero without dishonour or muttering from below deck.

It was at first sight surprising that there should have been a swing of £1bn from the modest £½bn positive adjustment or tax give-away forecast in the March version of the Medium Term Strategy to a tentative tax increase of the same amount, especially when faster than expected growth should be *boosting receipts. The* public sector table shows the main changes for 1984-85. Receipts are indeed £½bn up on the earlier estimate; but "total expenditure in national accounts terms," the concept used for estimating the PSBR, is £1½bn higher.

THE PUBLIC SECTOR DETERIORATION

Figures in £bn	1983 Budget Red Book	Autumn Statement	Difference
General Govt. expenditure	126½	126½	0
Interest payments	14	15	+1
Adjustments to national accounts definitions, etc.	4½	5	+½
Total expenditure in national accounts terms	145	146½	+1½
Tax yield	103½	104	+½
Nat. Ins. contributions etc.	22½	22½	0
Interest and other receipts	11½	11	−½
Accounts adjustments	−½	0	+½
Total receipts	137	137½	+½
of which N. Sea	8	9	+1

The main reason for the increase in the spending aggregate is a higher estimate of National Debt interest, partly consequent on the higher than expected borrowing in 1982-83 and 1983-84.

The chief moral is surely that the public finances are now very finely balanced and any chance estimating change or statistical discrepancy can put a strain on the PSBR objective.

Much more interesting and important are the productivity changes, indicated in the Autumn Statement and here spelt out in tabular form. In the last pre-oil shock decade, output per worker in the whole economy was rising at an average annual rate of nearly 3 per cent. In the first complete cycle after 1973, until 1979, average productivity growth dropped to just under 1 per cent. At the onset of the recession in 1980, it fell to *minus* 2 per cent. Since then it has been rising by 2½ to 3 per cent; a great improvement on the post-1973 period, but still not quite up to earlier standards, except in manufacturing.

The Treasury has made the conservative assumption that much of the recent productivity gain is a once-for-all and that the trend will move down to something like 1½ per cent. (It should, however, be temporarily higher in 1984 for business cycle reasons.)

On these assumptions, and allowing for, say, ½ per cent *per annum growth in the* labour force, there will be some scope for employment to recover and unemployment to fall very gradually if output continues to grow by 3 per cent.

Suppose, however, that this assumption is too conservative and British productivity rises more quickly to close the gap with continental Europe? One very *optimistic outcome might* be that the GDP would continue to grow by an annual 8 per cent in money terms, but 4 per cent will be output and only 4 per cent domestically generated inflation. But it would be too risky to rely on inflation moving down with sufficient speed; and there would be a clear case for a slightly more permissive attitude to monetary (or even fiscal) overshoots to allow the GDP growth to average, say, 9 per cent in the years immediately ahead if the aim is to have unemployment on a falling path.

TREND OF PRODUCTIVITY GROWTH

ANNUAL PERCENTAGE FIGURES

	Whole Economy	Manufacturing
1963-1972	2.9	4.2
1973-1979	0.9	0.9

ANNUAL CHANGE IN PRODUCTIVITY (%)

	Whole Economy	Manufacturing
1980 on 1979	−2.3	−3.0
1980-83 average	2.7	5.6

Financial Times estimate

Letters to the Editor

The benefits of ownership by employees

From the Director of Operations, Job Ownership.

Sir, — The thought-provoking quality of Samuel Brittan's asset-give-away approach to privatisation (Economic Viewpoint November 17) should not obscure the real potential benefits of the alternative employee ownership solution. The latter is much the more likely to generate improved performance and what the Americans call "bubble-up" productivity gains. There is increasing evidence that something of the kind has already started to happen at the National Freight Consortium (NFC), the example cited by Mr Brittan.

Employee ownership may be unrealistic solution for the more capital-intensive of the nationalised industries. But even in such cases partial employee ownership should not be dismissed out of hand. When assets per head are in the same order as those at NFC then, provided that at least a strong and well led minority of the workforce favours this solution, it should be preferred.

The figures associated with NFC's workforce buy-out last year do much to dispose of Mr Brittan's chief objection to that solution: namely that for people to have both their jobs and their savings tied into the same enterprise involves unacceptable risks. NFC's ownership changed hands at a price of some £53.5m. Then, as now, its workforce total came to around 26,000. Even if its employees had had to find the entire purchase price themselves, the sum involved per head would have been not much greater than £2,000. If that is set against current average life-time earnings of between £250,000 and £300,000 the dimensions of the extra risk become immediately apparent.

Workforce buyouts are quite *different from asset* handouts. This solution is not a matter of giving the relevant assets to the workforce instead of as Mr Brittan proposes, to the citizenry. One main argument for a sale rather than a gift is that people tend to feel differently and more positively about something for which they have had to pay. The workforce buyout has the extra financial advantage of bringing in new savings—which would otherwise almost certainly not be available for productive investment.

Though a sale of assets to existing employees is quite different from a give-away transaction, the price can be *fixed at a level* which takes some account of what one might call sitting tenants' rights. It seems entirely fair and reasonable that the price of a publicly-owned undertaking should be lower to its own employees than to outsiders. There is some evidence that NFC was successful in pressing this argument when the price of that buyout was fixed.

NFC's experience leaves no room for any doubt about the acceptability of these solutions to the City and the financial institutions. In return for a remarkably small equity stake the banks were ready to finance more than 80 per cent of the buyout price in the form of loans.

Those who support workforce buyouts where the conditions are appropriate need not reject Mr Brittan's asset-give-away approach where they are not. It would be odd if the same solution was appropriate in the case of say British Telecom on the one hand and of some —tal laundry on the other. It would be hard to believe that the Treasury could ever be persuaded to endorse give-aways. There may also be a more psychological objection to them. Give-away shares might come to be seen as "funny" shares.

Robert Oakeshott,
9, Poland Street, W1.

Proportional representation

From Mr D. Townsend

Sir, — While I would in no way demur from Michael Slavin's assertion (November 11) that my proposal for election by 'vote ranking' is indeed extraordinary, *I feel that* his own letter is also, in its way, quite remarkable.

He appears to take exception to my endorsement of the point made by Bernard Murphy (October 19) that many of the alternatives to our existing illogical voting system do not guarantee true proportionality. He then, surprisingly, provides an illustration of a transferable voting system in a four-member constituency in which the three major parties each have 30 per cent support. The only conceivable outcome of such a conundrum under a transferable voting system would be that two parties would obtain one seat each i.e. *25 per cent of* the available seats; the third party would obtain two seats i.e. 50 per cent.

If this is 'true proportionality' it falls short of what I believe PR should be seeking to achieve, namely, a parliamentary representation in which the allocation of seats among the major parties is in the same ratio as the total votes cast *nationally. If PR does not* mean this, the term should be consigned to the catalogue of Orwellian News-speak.

David Townsend,
11 Janmead, Hutton, Essex.

For better or worse?

From Mr E. Wood

Sir, — Many people will applaud the efforts of the job creators described in the Management Page (November 11). Like motherhood, job creation has become a sacred term which must be revered.

But before we become blinded by the propaganda of these policies, we should ask ourselves a question. From where do the bodies like the Manpower Services Commission, the EEC and the local authorities get the money they spend on these schemes? The answer *is, of course, from* the taxes levied on the people who are creating wealth in normal economic activities.

If these "job creation" *schemes were prohibited*, taxes could be lower. In the short term, unemployment would be higher among bureaucrats, consultants and management teachers. But in the long run, the effect of reducing taxes would be "to allow the money to fructify in the pockets of the people," thus reducing unemployment. We might then get the goods and services that people really want rather than those prescribed by the job creation experts.

Of course, this won't happen. The solution is too simple for the bureaucratic mind. But we should not allow the vested interests of those involved in the job creation industry to mislead us into thinking that, without them, we should be worse off.

E. G. Wood,
27, Townscliffe Lane,
Marple Bridge,
Stockport, Cheshire.

Platinum coins

From the Director,
Modern Coins,
Spink Modern Collections

Sir,—May I refer to the article (November 4) about the new Isle of Man platinum coin?

Over the past 10 years the Isle of Man Government has authorised a considerable number of coin designs, for commemorative issues and for normal currency use, and a variety of metals has been used, including platinum. The claim that the "noble" is the first platinum coin for 150 years is, therefore, untrue and I would suggest that the source of your correspondent's information be *required to publish a correction.*

I may, of course, be incorrect in assuming that those earlier issues, starting in 1975, were coins, in which case the Isle of Man Government has misled many collectors.

Leaving aside the Isle of Man, may I mention the 150 roubles coins of the USSR, struck in platinum from 1977 to 1980. The Royal Mint has also struck platinum coins on several occasions for overseas client governments.

Geoffrey Kitchen.
29-35, Gladstone Road,
Croydon, Surrey.

A $1 trillion sector

From the Chairman,
Mackintosh International.

Sir,—Unfortunately in printing my letter on November 18 the worldwide output of the electronics industry was given as £50bn—this should, of course, have been £500bn and it will be the first manufacturing sector to exceed $1 trillion (million million) of output.

(Dr) Ian Mackintosh.
Mackintosh House,
Napier Road,
Luton, Beds.

Market makers and managers

From Mr J. Scrope.

Sir,—You published (November 16) a thought-provoking article by Mr LeRoy-Lewis which concluded by pointing out the virtue of retaining some degree of separation of capacity between market makers and agents.

Neither Mr LeRoy-Lewis nor Mr Jacomb in his earlier paper has noted the other and more important separation of capacity which is implicit, but rarely appreciated, in existing arrangements: that between market maker and fund manager. This is the true cornerstone of confidence between savers and those through whom they channel their savings, be they pension funds, insurance companies or unit trusts.

May I suggest that this separation is an essential element of investor protection and is in danger of being overlooked?

J. Scrope,
30, Finsbury Circus, EC2.

FINANCIAL TIMES

Monday November 21 1983

Terry Byland on Wall Street

Aerospace set for a bumpy ride

McDONNELL DOUGLAS's decision a week ago to halt work on two proposed commercial airliners sent Wall Street's aerospace analysts hurrying to their computers to reassess their view not only of the company but of Boeing, its sole U.S. competitor in the civil airframe business.

Stocks in both companies attracted buyers at the beginning of the week. But by Friday, investors had a batch of analysts' reports to study and both stocks had lost the week's gains.

Neither Boeing nor McDonnell has been particularly successful in stock market terms over the past month, and their share prices are now respectively 15 and 11½ per cent off their 12-month peaks.

However, McDonnell's decision to cancel development of the MD-90 and of the MD-100 has prompted some fundamental revision of the *outlook for both* Boeing and McDonnell stocks.

Company	Price on Friday	52-week range	P/E
McDonnell	55½	62¾–35½	8.5
Boeing	40⅞	48¼–26⅜	11

There is general agreement that the decision is goods news for investors *in McDonnell Douglas*, at least in the immediate term. The redoubtable Demisch Brothers, Wolfgang and Christopher, who analyse aerospace stocks for First Boston, believe that McDonnell has been losing money on civil aircraft for the past quarter of a century. Lack of orders for the two projects now cancelled had virtually guaranteed further losses for the next few year.

But, in the wake of the cancellations, the First Boston duo are raising their profit forecasts for 1986-87 at McDonnell. This year's forecasts remain unchanged at $6.30 a share against $5.44 in the previous year. But for 1984, the forecast is now up from $7.00 a share to $7.75 a share, with $10.00 a share forecast for 1985.

At Prudential-Bache, Paul Nisbet predicts $6.65 a share this year but holds to an earlier forecast of $8.00 a share for 1984.

McDonnell's decision to halt the two developments marks a significant retrenchment of the group's position in world civil aerospace markets and raises the question of whether it will withdraw from that market altogether, as Lockheed did two years ago when it killed the L-1011 programme.

Wall Street is also closely monitoring the strike against McDonnell now into its second month. The McDonnell board warned at the outset that a three-month stoppage would force the company out of the commercial aircraft business – a threat taken more seriously on Wall Street after last week's decisions.

A withdrawal from civil airframe building would certainly benefit McDonnell's earnings by wiping out the long running losses on the civil side. But it would have even greater significance for Boeing which would then have a commanding position in the world aerospace industry.

Like the other manufacturers, Boeing loses money on its civil building division. Mr Alan Benasuli at Drexel Burnham Lambert puts Boeing's earnings at $3.70 a share for this year, but comments that this takes in a probable loss of about 50 *cents on the civil airframe* side, leaving the laurels to Boeing's military divisions which make the Minuteman and MX missiles.

The multiple of 11 times earnings at which the stock traded on Wall Street thus reflects the military side only. Any recovery in Boeing's civil aerospace profits would mean a significant re-rating of the stock price.

Some analysts see Boeing taking about 75 per cent of the world market for civil airframes if McDonnell withdraws. "No company in the free world has that sort of grip on its market," comments Mr Benasuli. On this basis, he predicts that Boeing could be earning between $6.00 and $8.00 from its civil side alone by 1987. With the military side also set for further strong growth. Prospects for earnings overall could be substantial.

The coming month could bring a substantial re-positioning of aerospace portfolios. McDonnell Douglas may be a short term gainer from the reduction of its civil aerospace programme. But the question still to be answered is whether its strike will be settled before January and what the board will do if it is not.

Airbus and Boeing battle royal, Page 5; Editorial comment, Page 18

UK shares and gilts 'to rise 25% by 1987'

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

BRITISH EQUITIES and government securities will rise in price by about 25 per cent during the next three years, the London Business School's centre for economic forecasting predicts in a report published *today*.

Government sales of gilt-edged stock in the 1986–87 financial year will be about £3.5bn ($5.25bn at current exchange rates) less than in 1983–84, the centre says, creating a shortage which will tend to drive up gilts prices.

"The outlook for equity prices is buoyant with increases of some 7½ to 10 per cent per annum," adds the centre in the first issue of a new quarterly, *Financial Outlook*, which is intended to supplement its usual economic forecast.

The expected increase in equity prices reflects the rapid rise in dividends and profits this year and those forecast for 1984 and in 1985. "By 1986-87 we expect dividend payments to be some 75 per cent above their 1982-83 levels. Consumer prices are forecast to rise only half as much."

A 25 per cent *rise in gilts* prices from 1983-84 to 1986-87 compares with a forecast rise in consumer prices of about 20 per cent over that period.

The quarterly also includes a call to the Conservative Government for a radical change in policy aimed to bring down long-term interest rates.

The centre is pessimistic about the extent to which this will happen under present policies, believing that yields on long-dated gilts will be about 8 per cent by the end of the period, against 9.6 to 10.1 per cent at present.

To reduce rates further, it says, the Government should sharply reduce the sale of gilt-edged stocks with a matching run-down of its £8bn portfolio of short-term commercial bills.

Companies would then be encouraged to switch their borrowing to longer-term instruments in a revived debenture market, and the money supply would tend to fall.

This proposal, which is admitted to be risky, does not at present seem likely to find favour with the *British authorities, but the centre* says that the alternative would be "little further progress on interest rates and monetary growth."

The centre also forecasts a rapid increase in borrowing for home purchases over the period. This is expected to increase by about 40 per *cent in real terms between the start* of this year and the beginning of 1987.

The majority of this increased lending would come from building societies rather than banks, which are expected to maintain a share of about 30 per cent of new mortgage lending in the period.

The centre says: "The steady release of house equity will on our forecast reflect the relative cheapness of mortgages compared to other forms of borrowing assuming that tax relief continues."

The Bank of England has recently expressed its concern about the extent of the "leakage" of subsidised mortgage loans into the purchase of things other than houses, like yachts, cars and household durables. If borrowing seemed likely to expand at the rate projected by the business school, the authorities might attempt to curb that growth.

Details, Page 8; *Retail sales booming*, Page 7

Britain plans new insolvency and investor protection laws

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

BRITAIN'S Conservative Government is planning a phased programme of legislation over the next two or three years which will have a major impact upon the City of London and investors.

Proposals are being prepared to overhaul the laws on insolvency and investor protection and to encourage the revival of personal shareholdings.

Consequently, the bill to be debated in the House of Commons tomorrow to exempt the Stock Exchange from proceedings under the Restrictive Trade Practices Act is likely to be the first of a series.

Mr Alex Fletcher, the Under-Secretary for Corporate and Consumer Affairs, and his officials are considering two major new Bills. First, work is well advanced on a White Paper (policy document) to update the law on insolvency in response to the wide-ranging report last year from a committee under Sir Kenneth Cork. The Government is likely to accept the proposed simplification of liquidation and bankruptcy procedures, though there is still some debate about detailed issues.

The White Paper should be ready before Christmas, though it may not be published until the New Year. The hope is that a sizeable Bill will be introduced in the 1984–85 parliamentary session.

Second, the final report on investor protection by Professor Jim Gower is expected around the end of this year. The Government hopes to complete the consequent consultations in time for another White Paper next summer. However, there may not be room for two major City Bills in one session and the Securities Bill may be delayed until 1985–86.

It is clear that ministers broadly sympathise with the proposal in Professor Gower's interim report last year in favour of self-regulation with statutory backing and Department of Trade and Industry powers of inspection.

Mr Fletcher has made no secret of his desire to promote a system of investor protection which will permit a revival of personal share ownership. On a visit to U.S. financial markets last month he was apparently impressed by the widespread retail outlets selling shares. However, the Government remains insistent on a central market in securities.

In parallel, the Treasury and the Inland Revenue are considering possible tax changes to encourage individual shareholdings, including employees' shareholdings as part of the Prime Minister's drive to broaden property ownership.

As for the Stock Exchange, Mr Norman Tebbit, the Trade and Industry Secretary, is expected to be pressed by MPs to give the Government's view of the changes in structure implied by the recent purchase *by outsiders of large shareholdings* in big jobbing and broking firms.

The Bill is strongly opposed by the Labour Party and by the other main opposition parties and there are reservations among some Conservative MPs.

The Government is considering how to comply with new EEC directives that requirements for company listings for share quotations should be put into law. This will involve *some form of legislation* by the end of next spring.

The problem is how far the Stock Exchange's rules should be built into legislation and how far the council of the exchange can be designated as a competent authority to apply the directives. Any proposals might anyway be overtaken by the Securities Bill in two years' time.

Brazilian loan package near to completion

Continued from Page 1

For the moment efforts will continue to ensure that all 830 creditor banks of Brazil subscribe to the loan.

Andrew Whitley writes from Rio de Janeiro: Faced with an inflation rate in Brazil more than double that forecast at the start of the year, the IMF has insisted on several changes to the Brazilian economic adjustment programe. Controls on public spending are to be tightened further while across-the-board tax increases have also been promised by the Brazilian Government.

The latest policy directives, contained in a "supplementary letter of intent," will be considered by the Fund's board tomorrow.

The highlights of the programme include the following:

● The planned growth in money supply during 1984 has been reduced to 50 per cent, compared with this year's target of 90 per cent.

● Quantitative limits for public sector borrowing have been set only to March, 1984, but the overall goal is to restrict the financing need to 9 *per cent of gross domestic product.* Fresh targets will be set at regular intervals during the year.

Bundestag set to clear way for new missiles

Continued from Page 1

last night to be followed by a candlelit procession to the Chancellor's office. During the debate, the peace movement has promised a peaceful "siege" of parliament, in support of its claim that a majority of West German citizens oppose deployment, whatever the Bundestag might decide.

The same charge was made repeatedly at the SPD assembly in Cologne on Saturday, which sealed the party's retreat from the "twin-track" policy on missiles it had backed before it lost power 13 months ago.

Not only did this retreat mark a remarkable triumph for Herr Willy Brandt, the SPD chairman and Chancellor between 1969 and 1974, but it is also being widely seen as confirming a left-ward shift by the party, and a hankering of a part of it for neutralism. For their part the small, radical Green party, which has 27 seats in Parliament, came out yesterday not only against deployment, but also in favour of a West German withdrawal from Nato.

The SPD congress gave a huge backing to Herr Brandt, and his criticism of the U.S., the present West German Government, and the Soviet Union, for not seriously trying to reach agreement in the deadlocked Geneva talks.

In doing so, the SPD momentously disowned its former Chancellor, Herr Schmidt, who argued in a powerful speech that the Federal Republic could not now break its word on missile acceptance, and had to back its key ally, the U.S. at this crucial juncture.

But only 13 of the 400 delegates in Cologne supported him. In addition to Herr Schmidt, this tiny minority included two former SPD defence ministers, Herr Georg Leber and *Herr Hans Apel. The icy personal* relations between Herr Schmidt and Herr Brandt were plain for all to see.

Meanwhile, confusion reigned in Bonn last night over the nature of any new Soviet "proposals" in Geneva.

In Washington, Mr Richard Perle, Assistant U.S. Defence Secretary for international security policy, predicted that, if the Soviet negotia*tors walked out of the Geneva talks* as a result of the Nato deployment, "they'll be back."

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	16	61	Dubrovnik	F	13	55	Malaga	R	17	63	Salzburg	S	1	34
Akrotiri	F	23	73	Faro	C	19	66	Malta	C	19	66	Seoul	S	13	55
Algiers	-	—	—	Florence	S	8	46	Manila	C	32	90	Singapore	R	32	90
Amsterdam	C	9	48	Frankfurt	C	-1	30	Miami	C	25	77	Stockholm	S	5	41
Athens	C	11	52	Funchal	F	21	70	Milan	F	3	37	Strasbourg	C	-1	30
Bahrain	S	29	84	Geneva	F	2	36	Moscow	C	-2	28	Sydney	S	22	72
Bangkok	S	30	86	Gibraltar	-	—	—	Munich	S	0	32	Taipei	C	20	68
Barcelona	C	11	52	Guernsey	C	8	46	Nairobi	-	—	—	Tangier	C	21	70
Beirut	F	25	77	Helsinki	S	3	37	Naples	S	15	59	Tehran	-	—	—
Belgrade	S	-1	30	H. Kong	S	23	73	New Delhi	S	27	81	Tel Aviv	S	27	81
Berlin	C	6	43	Innsbruck	S	4	39	New York	C	14	57	Tenerife	S	25	77
Biarritz	C	17	63	Inverness	C	5	41	Nice	S	14	57	Tokyo	S	15	59
Blackpool	S	9	48	Istanbul	C	8	46	Oporto	R	17	63	Toronto	R	9	48
Bordeaux	F	11	52	Jersey	C	6	43	Oslo	S	7	45	Tunis	S	19	66
Brussels	C	6	43	Jo'burg	S	23	73	Paris	Fg	-1	30	Valencia	F	17	63
Budapest	Fg	-5	23	Las Palmas	S	26	79	Prague	C	-3	27	Venice	S	8	46
B. Aires	C	28	82	Lima	S	21	70	Reykjavik	S	-6	21	Vienna	S	-1	30
Cairo	C	28	82	Lisbon	R	16	61	Rio de J'o	-	—	—	Warsaw	C	3	37
Cape Town	-	—	—	Locarno	S	5	41	Rome	S	13	55	Zurich	S	2	36
Caracas	C	28	82	London	C	9	48								
Casablanca	R	20	68	Los Angeles	R	23	73								
Copenhagen	-	—	—	Luxembourg	C	0	32								
Corfu	F	15	59	Madrid	C	12	54								
Dublin	C	8	46	Majorca	C	17	63								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Unions criticise Bonn over 35-hour week

By John Davies in Frankfurt

THE WEST GERMAN Government has come under heavy fire from leading trade unionists over its opposition to a shorter working week and its plans to dispose of state holdings in commercial enterprises.

At a weekend conference of IG Metall, the metalworkers' union, leaders of the 2.5m strong union proclaimed their determination to battle for a cut in the working week from 40 to 35 hours.

Herr Hans Mayr, the president, described the Government's proposal to subsidise early retirement on part-pay as a bid to drive workers into poverty and divide the unions.

He accused Chancellor Helmut Kohl of undermining the principle of independent worker-employer negotiations by dismissing the 35-hour-week claim as "absurd and stupid."

IG Metall, the country's biggest *trade union is bracing itself for pos*sible strikes in the new year.

It argues that a shorter working week would mean more jobs and lower unemployment. It is backed by some powerful unions, including the print workers, but other unions have reservations.

Meanwhile, 5,000 unionists demonstrated in Hanover at the weekend against government plans to dispose of state holdings. Herr *Ernst Breit, president of the DGB* trade union federation, said that the state must continue to play a role in important undertakings.

The Government announced last month that it would cut its stake in Veba, the oil and industrial concern, from 43.75 per cent to 30 per cent and later to just over 25 per cent.

Bonn is considering reducing its stake in other enterprises, including its 74.3 per cent holding in Lufthansa, the West German airline.

The state government of Lower Saxony has indicated it would not rule out reducing its 20 per cent stake in Volkswagen, the motor vehicle maker, in which Bonn also has a 20 per cent holding.

The latest trade union attacks on the federal Government reflect a widening gulf between ministers and the more militant unions.

IG Metall, which is acting as a pacemaker on the 35 hour week claim, is being drawn into more open conflict with the government not only on this issue but also over demands for aid to stricken shipyards and the steel industry.

Herr Franz Steinkühler, the outspoken deputy president of IG Metall, accused the Government of blackmailing the workers of Arbed Saarstahl by withholding aid unless they accepted less favourable terms for early retirement.

Syrians shoot down Israeli fighter

Continued from Page 1

Both Damascus and Jerusalem are prepared to escalate the mili*tary actions of their forces in Leba*non. The last time the Syrians shot down an Israeli plane was in July last year.

In further fighting in the northern Lebanese city of Tripoli heavy shellfire was exchanged between members of the PLO loyal to Mr Arafat and those who wish to displace him. Much of the shelling has fallen on Baddawi refugee camp which is at the centre of the conflict.

Syria is giving heavy artillery and some tank support to the PLO rebels, but it is not clear how far its men are involved in the fighting as infantry. The official Syrian position is that it is playing no role in the battle for Tripoli and diplomats confirm that no fresh Syrian units have been moved into northern Lebanon to reinforce the brigade there.

David Marsh in Paris writes: M *Charles Hernu, the French Defence* Minister, said yesterday that France had "punished terrorism" in its air force attack on Thursday against a military training camp near Baalbek in eastern Lebanon.

His remarks came as the French Government and police were seeking clues whether a bomb raid on a Paris restaurant late on Saturday night, which wounded 30 people, was a terrorist counter-attack.

Fearing reprisals from pro-Iranian urban guerrillas after the jet raid on the Shia Moslem camp, the Paris Government has reinforced police patrols and tightened security on public buildings.

The attack in Paris at around midnight on Saturday came as a bomb or grenade was hurled at a restaurant near the Bois de Boulogne packed with late-night diners, including several children. The raid could have led to many deaths, but the bomb fortunately exploded on the terrace outside.

Unions act to halt steel plan

Continued from Page 1

plex, accounting for 26 per cent of group sales.

Luxembourg also wants guarantees about the future provision of steel product supplies from Cockerill Sambre.

The political difficulties which emerged in Friday's talks have been further complicated by the fact that Mr Jean Gol, the Belgian Deputy Prime Minister, is said to be arguing the case against Cockerill Sambre co-operation agreement with Arbed.

As a Liège politician, he is believed to want Valfil preserved

THE LEX COLUMN

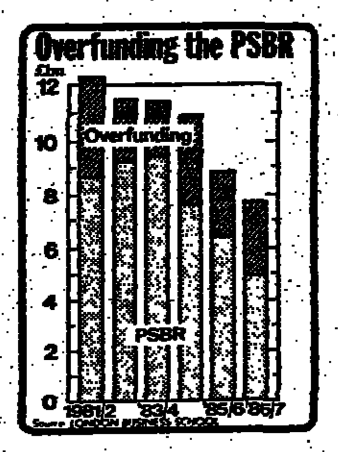
A riddle from the Chancellor

The Chancellor of the Exchequer's speech last Thursday may have set some sort of record for the number of puzzling questions raised in a space of less than 10 minutes. As a matter of tactics, the City of London found it hard to relate his official optimism on inflation and growth to the austere warning of increased taxes. In much the same vein, restricting planned asset sales to under £2bn ($3bn) – inclusive of Enterprise Oil at £400m – seemed rather strange to a market which had been so assiduously prepared for something *like twice that amount.*

Beneath this sprinkling of conundrums, however, a more genuinely remarkable aspect of the statement was how pointedly it avoided discussion of strategy. Yet this would have been altogether in order, for the Government's economic blueprint – the Medium Term Financial Strategy (MTFS) – has looked increasingly fuzzy of late. Although the objectives of controlling infla*tion (and lowering interest rates)* remain central to the plans, it has become difficult even for the expert monetary technicians in the City to see how some crucial parts of the design are now supposed to work. In particular, the part played by the public sector borrowing requirement (PSBR) has become disconcertingly foggy, from at least two viewpoints.

It has been widely noted that the heavy programme of asset sales has made nonsense of the PSBR as a measure of the fiscal and monetary stance. Revenue from the disposals cuts into borrowing needs directly, but since an asset can normally be privatised only once, the underlying need for finance remains unaffected. The sales also mean that a given PSBR total is consistent with a higher level of activity; as a consequence, to reduce *the ratio of PSBR to GDP counts as* less of a policy triumph than originally expected. All in all, it was only sensible to couple next year's unamended PSBR target of £8bn with a hint of rising taxes – the number is now more expansionary than when it was first thought of.

If this were the only source of worry about the PSBR, it could be briskly dealt with by finding an alternative budgetary concept that took changing levels of asset sales into account. The MTFS could then be restated in terms of the new target variable: the general government financial deficit (GGFD) – recommended for the purpose by Tim Congdon of Messels – would surely fit the bill, excluding as it does the purely financial transactions of government as well as some commercially motivated borrowing by public corporations (which ought to be adequately controlled by criteria based on rates of return). Unfortunately, there are problems for the PSBR which seem unaffected by a switch to the GGFD, or any other target based on government spending.



For the Government's struggle to hold down the PSBR – rather a desperate enterprise in the current year – has been driven from the outset by the argument that control of the PSBR is the key to control of the *money supply. But in the last* few years the structure of the monetary economy has altered so radically that – as economists at Grieveson Grant have recently observed – it is no longer possible in any sense for the Chancellor to deliver monetary control by constraining the PSBR.

The trouble is that personal sector borrowing has mushroomed just when government borrowing has been *submitted to some degree of* control. In 1980/81 public borrowing from banks was the same as that of the personal sector, £3.7bn, while the total borrowing of the two sectors was roughly comparable at £13bn and £12bn. Last year the personal sector was borrowing £20.6bn against the public sector's £9bn.

With 95 per cent of the rise in sterling M3 last year thus accounted for by personal lending, the PSBR's influence on money-creation had become almost peripheral. And to judge by the projections in the London Business School's new Financial Outlook, based on new model of UK financial flows, it is likely to remain so.

That the authorities are painfully aware of this structural shift is clear enough from their technique of overfunding – selling more debt instruments than are needed to finance the PSBR, however defined – which they have resorted to in the past two years.

Demonetisation

Looked at as an attempt to reshape the yield curve, overfunding seems a perverse exercise in borrowing at unnecessarily high rates in the gilt-edged market in order to hold down short money rates for the benefit of the private borrower – all this when the declared financial policy is to encourage a structure of yields which makes it attractive for private sector companies to borrow long, preferably by the non-monetary method of bond issues.

From another perspective, perhaps that of devil's advocacy, overfunding has been a rational and helpful move, permitting various participants in the financial economy to acquire their desired portfolios, while ensuring that a proportion of private sector debt was funded mainly by demonetising building society deposits. The Bank of England thus eased a mismatch between the supply of long-term bank finance at prevailing interest rates. If it has thereby accumulated a stack of £7bn or £8bn of commercial bills – loans to the private sector financed in effect by gilts sales – that is only one perverse consequence of long-term and large-scale manipulation in the money market.

Logical oddity has seldom ruled out monetary policies in the past. However, this one now seems to be nearing its natural limits. The Bank is running out of commercial bills to buy, while there is no longer much in the way of public sector bank borrowing left to demonetise. To carry on with overfunding thus risks having to deposit gilt-proceeds directly with the banking system, and whatever else might be implied, the discount market's existence thereafter would appear largely a concession to sentiment.

With massaging techniques reaching the end of the road, the authorities may soon need to tackle growth in the money supply at its source – borrowing by the personal sector. That may mean, at last, that the Chancellor will have to tackle the personal sector's favourite tax-break – cheaper mortgage finance.

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by G.T.S. Damer, Frankfurt/Main, A.V. Hare, R.A.F. McClean, M.C. Gorman, B.A. Lawrence, D.E.P. Palmer, London, as members of the Board of Directors. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Monday November 21 1983

CREDITS

Banks cheer return of France, Belgium

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENTS, IN LONDON

FRANCE and Belgium have not necessarily been the favourites of the eurocredit market over the past two years as their balance of payments deficits ballooned. Last week, however, the market was preparing to welcome them back with open arms.

Imminent borrowings by both Belgium and France's state financing agency, Credit National, were the subject of intense speculation. And this was not just because both countries have this year improved their credit rating by turning round their external accounts.

More important from the market's point of view is the shortage of top quality borrowers at a time when overall business has dropped to half its level of a year ago. Excluding reschedulings, new syndicated loan signings in the first 10 months of this year plunged to $65bn from $130bn in the same period of 1982 according to the Euromoney Syndication.

With the year's end approaching many banks have found themselves underlent. For top-rated borrowers the result has been a market tilted in their favour for the first time since the Latin American debt crisis broke. Evidence of this has come in new patterns of pricing:

● The ⅜ per cent margin which virtually disappeared after the Mexican crisis has become a standard expectation for the best borrowers. Both Credit National, which is thought to be seeking up to £200m, and Belgium, which is due to launch a $700m credit within the next two weeks, are expected to benefit from this low margin for a good part of their borrowings.

More striking still is a $75m, seven-year loan being raised by Maruti Udyog, an Indian car manufacturer in which the Government has a 74 per cent stake, and Suzuki of Japan 26 per cent. This loan, which will be led by Bank of Tokyo, will also bear a split ⅜-½ per cent margin.

● Top rated borrowers no longer need to offer a margin over the U.S. prime rate which is regarded as much more expensive than a conventional eurodollar reference rate. Large U.S. banks are apparently willing to lend selectively over eurodollars again. With U.S. regional banks less of a force in the market, there is little sense in offering them the chance to lend over prime.

Borrowers have also been able to dispense with this expensive alternative because of the ready availability of funds from the bond market. On Friday both Belgium and Ireland launched floating rate notes for $300m apiece which will reduce their potential need for credits.

Some bankers in London expect Credit National to split its borrowing up into a credit and a floating rate note denominated in sterling.

● Finally, there is also some evidence that banks are willing to countenance longer maturities, usually a sign that the market is shifting in favour of the borrowers. Last week Instituto de Credito Oficial, a Spanish state agency, mandated First Chicago to raise a £40m, nine-year credit extendable at the lenders' option to 12. The credit bears interest at ½ per cent for the first two years rising to ⅝ per cent thereafter. Repayments begin after a relatively long grace period of six years.

While most international bankers are resigned to the prospect of lower yields on top quality credits, they point out that the phenomenon is confined to the best risks. As a result, a welcome widening of the pricing differential between individual types of borrower has emerged.

Also, it is not clear how far this enthusiasm for lending is shared by smaller banks which enter loans at a junior participant level. Throughout this year there has been a tendency for loans to be top heavy with lead managers and still relatively slow to sell in syndication.

INTERNATIONAL BONDS

Fixed-rate borrowers ignore dearth of buyers

BY MARY ANN SIEGHART IN LONDON

BORROWERS took no notice of Eurobond market conditions last week. The general view is that you do not tap a market that is unreceptive, but last week saw a flood of fixed-rate issues – $760m in all – when the new issue window should have been firmly shut.

Of the recent issues, the European Investment Bank's was standing at a 2½-point discount on Friday and all the others were standing at a discount of about 2. These prices were on the offer side – few people were willing to buy. "The fixed-rate market is effectively closed," said one new issue manager.

By contrast, the dollar floating rate note market managed to absorb $850m worth of new bonds with very little fuss. Both Belgium and Ireland announced their long-awaited $300m deals on Friday. Belgium's traded at a 0.90 point discount and Ireland's – generally considered rather tight at a discount outside its total fees of 1.45 per cent.

Belgium's issue might have fared even better had the Belgian Ministry of Finance allowed the bonds to be listed and issued in bearer form. As it is, most private investors have been put off by these restrictions and also by the large denominations of the notes – each is worth $250,000.

This is just what the Belgians intended. They specifically wanted to avoid their own residents – the apocryphal "Belgian dentists" – buying the paper and receiving the income tax-free.

Unfortunately, the lack of listing has also deterred some institutional investors. Japanese banks, recently large buyers of floaters, usually fund their FRN purchases with short-term borrowing in the money markets, usually on a three-month roll-over basis.

But if they want to buy non-listed notes, they have to do at least part of their funding in the medium-term floating rate certificate of deposit market, which is more expensive. So the effective spread on the Belgian floater is narrowed for them.

BHF Bank bond average		
Nov 18		Previous
98.729		98.792
High	1983	Low
102.019		97.699

The same sort of problem looks set to befall the recently-reopened sterling FRN market. So far, pricing seems to have been worked out on a similar basis to dollar FRNs. But the recent slip in prices of sterling floaters may be a factor of the differences between the two markets.

The problem arises when banks try to fund the purchase of these bonds. Most U.S. banks can raise short-term dollars at a cost of more than 50 basis points below Libor, for example through borrowing in the commercial paper market.

In sterling, by contrast, investing banks have two problems. Their cost of funds is rarely below Libor, unless they are a clearing bank with free customer deposits. On top of that, the borrowing needed to buy the FRN adds to their liabilities and therefore to the liquidity ratio which they have to keep up to appease the Bank of England. This means that the break-even yield on the sterling floater is higher.

ENEL, the Italian electric utility, not only ignored this point last week when it launched a £100m floater on very tight terms. It also failed to appreciate the fact that the sterling market is still keen to discriminate between individual credit risks. Although ENEL ranks as one of the best Italian credits, its rating is not as high as some other successful issuers of sterling floaters

The bond paid only ¼ point over 3-month mean Libor, and on Friday it was languishing at a two-point discount.

Part of the problem, apparently is that ENEL was beseiged by cheaper offers from other banks after it was rumoured that S.G. Warburg had the mandate. It is understood that pressure was therefore put on Warburg to tighten its terms.

One of the healthiest markets last week was in EuroCanadian dollar bonds. Secondary market prices rose by up to ¾ point and British Columbia's issue was increased from C$100m to C$125m, making it the largest ever deal in the market.

Yields on seven-year EuroCanadian bonds have all but caught up with those on Eurodollar bonds for the first time this year. Investors seem to think rates will fall further, and Canadian institutions are attracted by the spread of Euroissues over domestic ones.

The strength of the Tokyo stock market has allowed coupons on Japanese convertibles in the Swiss franc bond market to move even lower. Last week saw Toshiba's coupon reduced from an indicated 2⅞ per cent to 2¾ per cent. And NTN Toyo Bearing's bond was finally priced at 2⅞ per cent having been indicated at 3⅛ per cent.

The U.S. dollar secondary market saw very thin turnover all last week with prices falling by about ⅜ point. In continental Europe prices changed little in low volume.

● John Keogh, for many years the chief Eurobond trader at the London branch of Goldman Sachs, is to leave the firm.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead Manager	Offer yield %
U.S. DOLLARS							
ITT ¶ ɸ ‡	125	1989	6	11½	100	Lazard Freres, Lehman Bros., Mgn. Guaranty	11.500
Central Finance § ‡	30	1991	8	4½	100	Nikko Secs.	4.500
Fanuc § ‡	80	1998	15	3¾	100	Nikko Secs.	3.750
Computer Products §	20	1998	15	7	100	Shearson/AmEx, Robinson Humphrey/AmEx	*
IC Industries ‡	75	1998	15	11⅞	100	Orion Royal, Deutsche, Merrill Lynch, Paribas, UBS Secs.	11.875
EIB ‡	200	1990	7	11½	100	UBS Secs., Commerzbank, Nikko Secs.	11.500
Citicorp ‡	100	1988	5	11½	100	Daiwa Europe	11.500
Taiyo Kobe Bank ‡	100	1990	7	12	100	Sal. Bros., Mgn. Guaranty, Taiyo Kobe (Lux)	12.000
West LB ‡	100	1990	7	11⅞	100	West LB, Merrill Lynch	11.875
Standard Chartered † ¶ ‡	200	1993	10	⅛	100	Schroder Wagg, Standard Chartered	–
Denmark ¶ ‡	100	1993	10	12¼	100	Mgn. Guaranty	12.250
Belgium † ‡	300	2003	20	⅛	100	CSFB, Mgn. Guaranty, Mgn. Stanley, BBL, Paribas, Kredietbank, Soc. Gen. de Bque.	–
Ireland † ‡	300	1993	10	3/16	100	Merrill Lynch	–
Seiyu † ≠ ‡	50	1990	7	3/16	100	Nomura Secs.	–
CANADIAN DOLLARS							
British Columbia Prov. ɸ ‡	125	1993	10	12	100	SBCI	12.000
D-MARKS							
Ireland ** ‡	100	1991	8	8¼	100	West LB	8.250
World Bank ‡	300	1993	10	8	99½	Deutsche Bank	8.075
FESCA ‡	80	1990	7	9	100	BHF-Bank	9.000
SWISS FRANCS							
Aiwa Co. ** § ‡	30	1989	–	3	100	UBS	3.000
Ferrofluid Fin. § ‡	10	1991	–	5½	100	Bque. Gutzwiller Kurz Bungener	5.500
Showa Electric ** § ‡	50	1989	–	3	100	SBC, Daiwa (Switz)	3.000
Toshiba Corp. § ‡	100	1989	–	2¾	100	CS, SBC, UBS, Nomura	2.750
Toshiba Corp. ** § ‡	100	1994	–	2¾	100	As above	2.750
NTN Toyo Bearing ** § ‡	100	1989	–	2⅞	100	SBC	2.875
Nippon Kogaku ** ¶	80	1988	–	*	*	SBC	*
Seagram Co. ** ‡	100	1988	–	5¼	100	SBC	5.250
Nihon Radiator ** §	30	1988	–	3⅛	100	CS	*
Kuraray ** ¶	30	1988	–	4¼	*	CS	*
Minolta ** §	100	1989	–	3	100	UBS	*
Sweden	100	1993	–	6	*	Handelsbank	*
STERLING							
ENEL † (c) ‡	100	1993	10	¼	100	SG Warburg	–
AUSTRALIAN DOLLARS							
GJ Coles ‡	35	1988	5	13⅝	100	Orion Royal, Goldman Sachs	13.625
ECUs							
EEC	50	1993	6½	11	*	BBL, BNP, Sparekassen SDS	*
EEC ‡	25	1993	10	6	100	As above	–
YEN							
World Bank ‡	20bn	1993	10	7⅝	99⅞	Yamaichi Secs.	7.643
Spain ‡	15bn	1993	9	7.9	99.3	Daiwa Secs.	8.163
Finmeccanica ** ‡	5bn	1998	6.1	8.4	99.95	Sumitomo Tst. & Banking	8.587

* Not yet priced. ‡ Final terms. ** Placement. § Convertible. † Floating rate note: coupon is spread over 6-month Libor. ¶ With warrants. (c) Spread over 3-month mean Libor. ≠ Put option every 6 months. ɸ Increased. Note: Yields are calculated on AIBD basis.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS

Better money supply aggregates fail to move prices

THE U.S. credit markets appear virtually paralysed at the moment by short-term concerns and long-term doubts.

Bond prices failed to do anything much at all last week despite two sets of better than expected money supply figures, a resolution to the deficit ceiling impasse, the passage of the IMF quota bill and assistance from the Fed, albeit of a technical nature.

In the government sector prices fell by between ¼ and ½ a point despite a somewhat feeble attempt at a rally late on Friday. The Treasury long bond closed down ¾ points at 102 to yield 11.76 per cent.

U.S. INTEREST RATES (%)

	Week to Nov 17	Week to Nov 11
Fed funds wkly aver ...	9.42	9.36
Three-month CDs	9.45	9.35
Three-month T-bills ...	8.82	8.74
30-year Treas bond	11.77	11.65
AAA Utility	12.75	12.62
AA Industrial	12.50	12.36

Source: Salomon Bros. (estimates). In the week to November 2 M1 fell by $2.5bn to $515.6bn. In October M2 increased by $16bn to $2.161bn and M3 by $17.5bn to $2,581bn. In the week to November 9 M1 increased by $2.2bn to $517.8bn.

The markets started the week in an uneasy mood with the policy making Federal Reserve Board meeting on Tuesday and remained that way the rest of the week. Wall Street's best guess, both before and after the meeting, was that the FOMC decided to make no basic changes at all to current monetary policy.

This despite some thinly veiled "jaw-boning" from the White House and a group of Republican congressmen who gave the Presidential election year campaign a predictable start by arguing that the Fed should bring interest rates down and allow M1 to grow.

The minutes of the October FOMC meeting, released late on Friday, provided few surprises either. They confirmed that the FOMC decided to hold a steady course at the October 4 meeting. However, they did also confirm that ahead of the meeting the Fed adopted "a slightly lesser degree of reserve constraint."

All this is consistent with a Fed funds rate which has shifted marginally lower to an average of around 9⅜ per cent in recent weeks from around 9½ per cent. This is in sharp contrast to other short-term rates which rose again last week by around 10 basis points.

The Friday night passage of the increase in the debt ceiling, from $1,389bn to $1,490bn, was something of a double-edged sword. While it removes one immediate cause of market uncertainty it also clears the way for the Treasury to unleash another flood of government paper in the final 28 trading days of this year. Some estimates suggest the Treasury will have to auction an astounding $138bn of paper in 16 separate auctions before the end of the year.

The coupon auctions begin again tomorrow with an $8bn issue of two-year notes followed by an $8bn auction of one-year bills on Wednesday and the prospect of a $6bn auction of five-year notes a week tomorrow.

The relatively pessimistic mood of the markets was also reflected in their lack of response to positive news on the money aggregates last week.

After months of watching M1 the markets hardly reacted when delayed M1 together with the M2 and M3 numbers were announced on Monday — even though the $2.5bn decline in M1 sent that particular monetary aggregate below the Fed's target range—albeit only briefly—and the M2 and M3 numbers remain towards the low end of their respective target ranges.

While the $2.2bn increase in M1 announced on Friday lifted the basic money measure about $400m above the bottom end of the Fed's 5 to 9 per cent target range, the increase was still less than expected but had little effect on the markets.

Aside from the exceptionally heavy Treasury calendar looming, the other major concern of the market, and it is presumed the Fed, remains the pace of the economic recovery. While there are an increasing number of signs that the pace of the recovery is indeed slowing, serious uncertainties still remain.

Paul Taylor

NZ food majors in forest group share-buying spree

BY DAI HAYWARD IN WELLINGTON

New Zealands two largest food companies Watties and Goodmans are expected to continue buying shares in New Zealand Forest Products (NZFP) when the stock market opens today.

On Friday the two companies sent the exchange into a frenzy when they spent more than NZ$70m (U.S.$46.3m) acquiring 10m shares—more that 10 per cent of NZFP.

Other buyers, including a mystery bidder whose brokers said on Friday that they wanted to buy 2m shares in Forest Products, combined with Watties and Goodman to push Friday's turnover in the company's shares to over NZ$90m and sent the price soaring from NZ$5.58 to NZ$6.81.

Watties and Goodman want 24.9 per cent of NZFP and seem willing to pay well above the market price to achieve this.

NZFP has large forestry reserves and growing timber assets worth many millions of dollars and many brokers consider the company to have been well undervalued.

Fridays activity started when Auckland brokers Paine Belcher announced they were in the market for 2m NZFP shares and that they were willing to pay well above Thursday's closing price. Paine Belcher refused to name the company for which they were acting. However, before they had acquired their target Watties and Goodman moved in.

Goodman has been acumulating cash for some time and it is understood that the move into NZFP was planned although the unexpected buying by Paine Belcher may have brought the company into the market earlier than expected.

Goodman and Watties each have 35 per cent share-holdings in each other. Both occupy leading positions in the food industry and both have considerable shareholdings in many other leading New Zealand companies.

The buying spree pushed the New Zealand share price indicator to 1,186—more than double its last December level of 590. There was a rise of nearly 50 points on Friday.

NZFP has 95.58m shares issued and Friday's closing price values the company at just over NZ$650m.

There has been considerable speculation as to the identity of the mystery buyer who continued operating after Watties and Goodman came into the market. Paine Belcher acquired more than their 2m share target and one possible buyer is Capstan Papermills—which is owned by the wealthy Spencer family.

Faced with the efforts of outsiders to buy heavily into their company and the jump of more than 25 per cent in the value of their shares NZFP's directors have withdrawn their own take-over bid for Odlins, a timber and hardware group.

Last night after an emergency board meeting the company's half yearly report was issued four days early. This showed a net profit of NZ$32m —a jump of 25 per cent. The company also declared a 9 cent interim dividend. All the indications are that directors wish shareholders to resist offers and retain their holdings.

Several PMPA garages to close

By Brendan Keenan in Dublin

THE Administrator appointed by the Irish Government to run the troubled insurance company, Private Motorists Protection Association, has begun the process of running down loss-making subsidiaries and associated companies.

Mr Kevin Kelly of Coopers and Lybrand announced that 17 of the 31 garages associated with PMPA would be closed, with the loss of almost 350 jobs. But he warned this was only a necessary first step because many of the subsidiaries were carrying significant losses with no realistic prospect of recovery.

It has been claimed that PMPA underprovided for claims by I£100m in the past two years.

Mr Kelly is also to offer a Dublin retail store, McBirney's, a local newspaper, and an oil distribution company which belonged to PMPA for sale as going concerns. All three have been losing money but it is thought they could be made profitable.

Record loan for Wisma Development

BY CHRIS SHERWELL IN SINGAPORE

WISMA DEVELOPMENT, a Singapore property company of which the major shareholder is Mr A. W. Galadari of the UAE, has signed a S$140m (US$66m) syndicated loan with a consortium of nine banks led by Hong Leung Finance and the Bank of Tokyo. The loan is the largest ever for a Singapore property concern.

Although neither the company nor the banks involved have announced the terms of the loan it is believed to be at 1.75 to 2 percentage points above the Singapore prime rate.

The loan is for the development of a prime site in Singapore's Orchard road. Also involved in the project is P. T. Ustraiando, an Indonesian company which bought the lease on the site—which used to be the location of the Indonesian Embassy.

Wisma Development is a wholly-owned subsidiary of A. W. Galadari Investments of Singapore, which is controlled by the Galadari group of the United Arab Emirates.

Wisma Development also own Forum Development, the company which is developing the site of the ofrmer Singapura Forum Hotel. This is being done through a syndicated loan amounting to S$120m. Wisma Development has a paid-up share capital of S$70m and a S$30m shareholders' loan which will be repayable on completion of the project.

The Wisma project involves the development of an 18-storey shopping and office complex. The site is near the proposed Orchard Road Mass Rapid Transit Station for Singapore's new metro system. The work will take 29 months.

The other banks in the lending consortium are Mitsubishi Bank, Sumitomo Trust and Banking Company, Saitama Bank, Mitsui Trust and Banking, Sanwa Bank, Tokai Bank and the Nippon Credit Bank.

● Singapore's buoyant construction sector has helped Jurong Cement improve pre-tax profits for the six months to September to S$9.86m on a higher turnover of S$50.19m. The company recorded profits of S$5.47m on a S$38.5m turnover in the same period last year.

Changes at the top at Sears Roebuck

● Mr Archie R. Boe, president of SEARS, ROEBUCK AND CO since 1982 plans to retire on March 1. Before joining Sears he had been chairman and chief executive officer at Allstate Insurance Company for 10 years. Mr Edward R. Telling, chairman and chief executive officer of Sears, will become president of the company—a title which he had held, in addition to the chairmanship, for a year prior to Mr Boe's election—until a new president is designated late in 1984.

● Mr Ronald D. Corwin has been appointed CITICORP'S country corporate officer for Belgium and Luxembourg. He continues as managing director of Famibank and as chairman of the board of Diners Club (Benelux). Mr Jacques Levy, has been appointed general manager for Citibank in Belgium and Luxembourg. He was treasury head for Citibank in Brazil and Mexico and was responsible for Treasury operations throughout Latin America.

● Mr Paul Hodel has been appointed a manager of BANK HOFMANN, Zurich, from January 1.

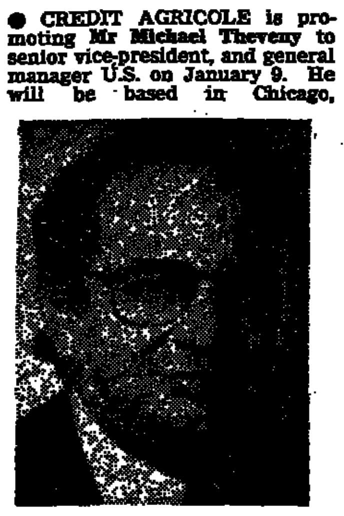
● Dr Konrad Lienhard has been appointed a manager of SULZER BROTHERS, Winterthur, Switzerland.

● Mr Henning Dyremose has been appointed vice-president of enzymes marketing at NOVO. Mr Dyremose joined Novo in 1974 as manager of economy and planning staff, enzymes division, and since July 1 has been acting vice president of enzymes marketing.

From January 1, the following changes and appointments in Novo pharmaceuticals marketing will be made: Mr Peter R. Harsant, general manager of Novo Laboratories, UK, will take over responsibility for Novo's marketing planning functions. Mr Colin Kruger, general manager of Novo's subsidiary in South Africa, Novo Industries (Pharmaceuticals) (Pty), will be appointed general manager of Novo Laboratories, England. Mr Paul Lazarus, marketing manager of Novo's subsidiary in South Africa, will be appointed acting general manager.

INTERNATIONAL APPOINTMENTS

● CREDIT AGRICOLE is promoting Mr Michael Theveny to senior vice-president, and general manager U.S. on January 9. He will be based in Chicago,



Mr Michael Theveny, senior vice-president and general manager, U.S., Credit Agricole

Illinois. Mr Theveny joined Credit Agricole in 1975 where he has held various senior positions in its international division in Paris. In 1979 he was transferred to New York to open the representative office, and later the loan production office.

● NIPPON LIGHT METAL CO has promoted vice-president, Mr Kosuke Asano, to president. He will succeed Mr Yoshimasa Matsunaga, who becomes chairman, on November 28.

● Mr Walter Nanzer, Mr Jacques Rossier and Dr Aloys Schwietert have been appointed managers of SWISS BANK CORPORATION, Basle, from January 1. Mr Willi Wittwer has been named executive vice-president by the bank's New York operations.

● JACKSON EXPLORATION INC, the Dallas-based gas and oil exploration and production company, has appointed Mr Robert M. Lane Jr, and Mr George W. Sutphen as advisory directors to the board. Mr Lane is a vice-president and general manager of the group's operations in south-east Asia. Mr Sutphen is vice-president, exploration and production, U.S. operations.

● Dr Richard B. Arnold, director of the British Pharmaceutical Industries Association since 1977, is to succeed Mr Michael Peretz as executive vice-president of the INTERNATIONAL FEDERATION OF PHARMACEUTICAL MANUFACTURERS' ASSOCIATIONS, Zurich, on January 1.

● Mr Stephen Lovelock has joined LLOYDS BANK INTERNATIONAL as vice-president and manager, international securities, North America, based in New York. He was a vice-president with Chase Manhattan Capital Markets Corp. in New York.

● FIDELITY BANK has promoted Ms Claire W. Gargalli to executive vice-president and Mr Jean-Pierre Galy to senior vice-president. Ms Gargalli heads the corporate banking department with responsibility for international banking activities and domestic commercial banking. Mr Galy is general manager of Fidelity's London office and has responsibility for Europe, the Middle East and Africa.

● Dr Dieter Thummel is to succeed Mr Roland Stauffer at the end of the year as manager of LABORATOIRES SAUTER, of Vernier, Switzerland, a pharmaceutical subsidiary of the Hoffmann-La Roche Group.

● Mr Irving L. Burrows has been appointed vice-president for plans and operations development for the McDonnell Aircraft division of McDONNELL DOUGLAS CORP. Mr Burrows' new responsibilities include information resource management and productivity improvement. Mr Burrows had been vice president for product support. He will be replaced by Mr Paul Homsher, when he returns next spring from his job as head of McDonnell Aircraft's F-15 support operations in Saudi Arabia. Mr Herman Correale, director of product support, will head the division until then.

● Mr Richard S. Friedland has been promoted to director, financial planning and analysis for the GENERAL INSTRUMENT CORP. He had served as director, financial reporting. He will be responsible for co-ordination and analysis of the company's operational and capital plans.

● Mr Tim Clarke has been appointed accounts executive and vice-president at NATIONAL WESTMINSTER BANK'S New York marketing office. He was a manager of the development projects section, corporate financial services, international banking division, in London.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Amex O/S Fin. 10 90	100	93	93	−0	−0	11.49
Australia Com. 11 90	100	100	101	0	0	11.03
Australia Com. 11 95	300	96	97	−0	−0	12.02
Australia Com. 11 98	100	97	97	−0	0	12.00
Bk. of Tokyo Hd. 11 90	100	94	95	−0	−0	12.11
Brit. Col. Hyd. 10 88	200	96	97	−0	−0	11.12
Britoil Fin. 11 90	125	99	100	−0	−0	11.89
Canada 10 88	500	98	98	−0	−0	11.28
CCCE 11 97	100	92	93	−0	−0	12.82
CCCE 12 95	75	98	99	−0	−0	12.78
CIBC 11 90	75	92	93	0	−0	12.61
Citicorp O/S 10 90...	100	91	92	−0	−0	12.17
Citicorp O/S 11 90 ...	100	97	97	−0	−0	12.35
Cr. Suisse Bah. 10 90	150	†98	99	−0	0	10.76
Den. Norsk Crd. 11 93	50	93	93	−0	−0	12.47
ECSC 11 90	75	99	99	−0	0	11.96
EDF 11 93	100	92	93	−0	−0	12.44
EEC 11 87	350	96	96	−0	−0	11.43
EIB 10 93	200	91	92	−0	−0	12.21
EIB 11 91	125	94	95	−0	−0	12.01
Exportfinans 11 90...	100	96	96	−0	−0	12.24
Electrolux 10 90	50	92	92	−0	0	12.26
Enserch Fin. 11 93 ...	100	95	96	0	−0	12.31
Fuji Int. Fin. 10 90...	100	†93	93	−0	−0	12.35
GMAC O/S Fin. 11 90	100	98	99	−0	−0	11.58
Honeywell Int. 10 90	100	96	97	−0	−0	11.38
Ind. Bk. Japan 10 88	100	96	97	−0	−0	11.70
Ind. Bk. Japan 11 91	100	98	99	−0	−0	12.10
Japan Air Lines 10 88	42	92	92	−0	−0	11.97
Japan Air Lines 11 93...	75	95	95	−0	−0	11.83
J. C. Penney 11 90 ...	100	100	100	−0	−0	11.75
J. P. Mrgn. 11 90 WW	150	97	97	−0	−0	11.96
Levi Strauss Int. 11 90	75	96	96	−0	−0	11.79
LTCB 10 90	100	93	93	−0	−0	12.28
LTCB 12 90	85	101	101	−0	−0	12.18
Merrill Lynch 10 90...	200	93	94	−0	−0	11.98
Mitsubishi Cpn. 10 90	100	93	94	−0	−0	11.85
Mitsubishi Fin. 11 90	100	96	96	−0	−0	12.20
Nippon Credit 11 90 ...	100	94	94	−0	−0	12.30
Nippon Credit 11 90...	100	97	97	−0	−0	12.43
OKB 10 91	100	89	90	−0	+0	12.09
Ontario Hydro 10 90...	250	93	93	−0	−0	11.73
Ontario Hydro 11 90 ..	200	99	100	−0	−0	11.71
Pacific Gas & El. 12 91	75	102	103	−0	−0	11.44
Prudential O/S 10 93	100	95	95	−0	−0	11.45
Quebec Hydro 11 92...	100	†97	97	0	+0	11.99
Sasktchwn. Pr. 10 90	125	95	96	0	−0	11.68
Sears O/S Fin. 11 93	150	97	98	−0	−0	11.95
SNCF 11 93	100	97	97	−0	+0	11.96
S. Cal. Edison 10 90	75	96	96	−0	−0	11.32
Sumitomo Fin. 10 90	100	93	93	−0	−0	12.34
Texaco Capital 9 90...	150	92	92	−0	−0	11.49
Texaco C. 10 90 WW	200	94	95	−0	−0	11.55
UBS 10 88	100	97	98	−0	−1	10.51
World Bank 11 88 ...	100	99	99	−0	−0	11.50
World Bank 11 90 ...	200	96	97	−0	−0	11.93
World Bank 11 90 ...	150	95	96	−0	−0	11.83
World Bank 12 93	200	99	100	−0	−0	11.98

Average price changes .. On day −0 on week −0

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Air Canada 7 93	100	100	100	−0	−0	7.27
Arab Bankg. Con. 8 88	100	96	97	−0	−0	8.74
Asian Dev. Bk. 8 93	200	99	100	−0	−0	8.48
Austria, Rep. 7 89 ...	100	100	101	−0	+0	7.39
Austria, Rep. 8 93 ...	100	100	101	−0	0	7.84
Avon Int. Fin. 7 93...	100	101	101	−0	+0	7.28
Beatrice Foods 7 93...	130	103	104	−0	−0	7.15
BFCE 8 90	150	100	101	−0	0	8.08
Dresdner Fin. 4 90 WW	250	108	109	−0	−1	2.86
Dresdner Fin. 4 90 XW	250	83	84	−0	−0	7.14
ECSC 8 90	160	100	100	+0	−0	7.96
EEC 8 93	250	101	101	−0	−0	7.99
EIB 8 93	200	99	99	−0	−0	8.06
Eurofima 7 90	100	101	101	−0	0	7.22
Finland Rep. 7 88 ...	150	99	99	+0	−0	7.58
Finland Rep. 8 90	150	98	99	−2	0	8.19
Int. Standard Ele. 7 93	100	103	104	+1	+0	7.21
Ireland 8 91	150	100	101	−0	+0	8.46
Japan Devt. Bk. 7 90	100	101	101	0	+0	7.22
Kobe City 7 93	120	97	98	+0	+0	7.35
LTCB 8 90	100	101	102	−0	−0	7.62
Renault Acceptnce. 8 90	150	98	98	−0	0	8.32
SDR France 7 93	100	97	97	−0	−0	8.24
S. African Tran. 8 90	100	99	99	0	+0	8.39
World Bank 7 90 ...	250	97	98	0	−0	7.86
World Bank 7 89 ...	300	100	100	+0	−0	7.81

Average price changes... On day −0 on week −0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Bank of Tokyo 6 91 ...	100	102	102	+0	+0	5.67
Bergen, City of 5 95...	40	100	100	+0	+0	5.70
Denmark 6 91	100	101	101	0	0	6.09
EDC 5 91	100	100	100	−0	+0	5.35
EEC 6 93	100	101	101	0	−0	5.85
Europarat 6 93	100	98	99	−0	+0	6.28
Ind. Fd. Finland 6 91	40	102	102	−0	+0	5.85
Int.-Am. Dev. Bk. 6 93	100	97	97	0	+0	6.33
Ireland 6 93	80	99	99	+0	0	6.62
Japan Dev. Bank 5 93	100	101	102	−0	+0	5.62
Jap. Highway P. 5 91	100	99	99	+0	+0	5.66
Kansai Elec. Pwr. 6 91	100	102	102	0	−0	5.60
Kawasaki Steel 6 91...	100	100	101	−0	0	5.97
Manitoba Prov. 5 93...	100	100	101	+0	+0	5.98
Mont Blanc Tunl. 6 93	35	101	102	+0	+0	6.10
Mont Ise Fin. 6 93 ...	100	102	103	+0	+0	5.60
Mt. Bk. Denmark 6 91	80	98	99	+0	+1	6.86
New Brunswick 6 93	100	101	102	−0	0	5.48
Nisshin Steel 6 91 ...	100	100	100	0	0	6.22
Osterr. Draukraft 6 93	100	102	103	−0	−0	5.68
Osterr. Post 6 91	100	101	101	0	−1	5.86
Quebec Province 5 93	100	99	99	+0	+0	5.73
Sumitomo Hvy. I. 6 91	100	100	100	+0	+0	5.94
Tokyo Elec. Pwr. 5 91	100	102	102	−0	+1	5.49
Trizec Corpn. 6 93 ...	100	99	99	+0	+0	6.19
World Bank 6 95	100	†98	99	−0	0	6.13

Average price changes... On day 0 on week +0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Australia 8 92	15	105	105	+0	+0	7.67
EIB 8 92	15	103	103	+0	+0	7.69
Japan Airlines 7 87...	9	†101	102	0	0	7.06
New Zealand 7 89 ...	15	102	103	+0	+0	6.97
World Bank 8 92	20	103	104	0	0	7.67

Average price changes... On day +0 on week +0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Farm Credit 12 90 C$	75	†101	101	+0	+0	11.83
Norcan 12 93 C$	60	†97	97	0	−0	13.22
TD Mt. Cpn. 12 88 C$	40	†101	102	+0	+0	11.90
Quebec Hyd. 12 93 C$	50	†102	102	−0	+1	12.26
Royal Trstco. 12 88 C$	50	†101	102	−0	+1	12.10
World Bank 12 90 C$	75	†102	102	0	+1	11.74
Xerox Canada 12 88 C$	40	†102	103	0	0	11.09
EIB 11 93 ECU	50	99	100	0	−0	11.08
Genfinance 11 90 ECU	60	97	98	0	−0	11.42
Algemene Bk. 8 88 Fl	150	100	101	+0	+0	8.47
Bk. Mees Hope 9 88 Fl	75	101	102	0	+0	8.53
Elec. Sup. Bd. 8 88 Fl	75	97	98	+0	+0	9.28
PHP 8 88 Fl	50	100	100	+0	+0	8.60
Sw. Ex. Cred. 7 88 Fl	100	95	96	0	−0	8.84
World Bank 9 88 Fl ...	100	102	103	0	+0	8.27
OKB 14 88 FFr	400	100	101	0	−0	13.37
Solvay et C. 14 88 FFr	200	101	102	0	−0	13.58
BFCE 11 88 £	50	99	100	+0	+0	11.53
British Oxyg. 11 91 £	50	99	100	−0	−0	11.66
CEPME 11 96 £	35	†98	100	0	−0	11.27
Ciba-Geigy Int. 6 93 £	25	97	98	−0	−0	7.05
EEC 11 91 £	50	101	102	+0	+0	11.51
EEC 11 93 £	50	101	102	+0	+0	11.56
Fin. for Ind. 10 90 £	20	94	95	+0	+0	11.55
Finland Rep. 11 88 £	50	100	100	−0	0	11.71
F. Mat. Oranj. 12 92 £	30	104	105	0	+0	11.71
Gen. Elec. Co. 12 89 £	50	103	104	0	+0	11.38
III 10 93 £	25	94	95	+0	+0	11.62
Mort. Bk. Fin. 11 89 £	15	98	99	0	+0	12.05
Norsk Hydro 12 90 £ ...	30	102	103	−0	−0	11.31
Sweden 11 93 £	50	99	99	0	+0	11.47
Sw. Ex. Cred. 11 88 £	30	98	99	+0	+0	11.50
World Bank 11 88 £...	100	99	99	+0	+0	11.27
Euratom 11 93 LuxFr ...	500	102	102	−0	−0	10.48
Europarat 10 93 LuxFr	600	102	103	−0	0	10.28

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BFCE 5 88	0	99	99	20/1	10.18	10.20
Caisse Nat. Tels. 5 90	0	99	99	21/4	10	10.04
CCF 5 95	0	98	98	7/4	9.94	9.97
CCF 5 98	0	99	100	24/3	10.19	10.19
CEPME 5 88 WW	0	99	100	3/12	10.56	10.56
CEPME 5 92	0	99	100	10/12	10	10.51
Chemical NY 5 94 ...	‡0	100	100	23/12	10	9.95
CNCA 5 95 XW	0	99	99	7/12	10	10.05
CNCA 5 97	0	99	99	24/3	10.31	10.35
CNT 5 91	0	99	99	6/5	10.19	10.24
Credit Foncier 5 93 ...	0	99	99	6/4	10	10.04
Credit Lyonnais 5 94	0	99	99	5/1	10.31	10.35
Credit Lyonnais 5 97	0	99	99	1/4	10	10.04
Credit Nat. 5 94	0	99	99	9/3	10	10.79
Denmark 5 90	0	99	99	13/4	10	10.06
Dresdner F. 5 93 XW	0	100	100	19/4	9.94	9.91
EDF 5 95 XW	0	99	100	10/2	11	11.38
EEC 5 90	0	100	100	5/1	10.19	10.17
Hispano 5 95	0	98	99	20/4	10	10.17
NZ Steel Dev. 5 92 ...	0	100	100	22/12	10	10.24
Nippon Credit 5 90 ...	0	100	100	10/2	11	11.21
Societe Gen. 5 90 XW	0	99	99	9/5	10.31	10.34
Societe Generale 5 95	0	99	100	1/3	10.94	10.95
Sweden 5 89	0	100	100	26/2	10.19	10.18
Sweden 5 93	0	100	100	3/2	11.19	11.15

Average price changes... On day 0 on week +0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 5 96	3/82	470	123	124	−0	1.48
Canon 7 97	7/82	748.2	218	220	−3	8.90
Daiwa Sec. Co. 5 98...	10/83	508	97	98	+0	4.57
Hitachi Cable 5 98 ...	2/82	515	107	108	+0	6.73
Honda Motor 5 98 ...	6/83	884	117	118	−0	1.10
Honda Motor 5 97 ...	3/83	759.8	136	138	−1	−0.10
Konishiroku Ph. 4 98...	10/83	673	97	98	−0	4.62
Kyowa Hakko 5 97 ...	2/83	782	114	115	−1	13.61
Minebea Co. 5 98 ...	5/83	867	112	113	0	1.12
Mitsubishi Elec. 5 98	6/83	396	110	111	−1	1.62
Nippon Electric 5 97...	2/82	765.9	171	173	−2	1.34
Nippon Oil Co. 5 98...	4/83	964	119	120	−1	1.04
Nissan Motor 5 98 ...	4/82	770	101	102	−0	10.86
Olympus Optic. 5 97...	12/82	1331	107	109	+2	22.85
Orient Finance 5 97 ...	3/82	827.2	94	96	−0	10.29
Orient Leasing 5 98 ...	5/83	2880	89	89	+0	7.90
Secom 5 98	11/83	2930	127	128	−0	1.65
Sumitomo Elec. 5 97 ...	3/82	577.3	122	123	+1	3.02
Yamaichi Sec. Co. 5 98	8/83	472	95	96	−0	2.44
Yamanouchi Ph. 4 98...	10/83	1806	98	99	−1	8.07
NEC Cpn. 3 93 SwFr	6/83	978	143	145	−1	−2.79
Settsu Ppr. 3 93 SwFr	9/83	716	101	103	+0	13.27
Asics 5 92 DM	12/83	520	107	108	0	10.34
Konishiroku 6 88 DM	5/82	816	120	121	+1	1.48
Sum Realty 6 92 DM	2/83	365	129	130	+0	−3.92

EUROBOND TURNOVER (nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week......	7,862.1	10,544.2
Previous week	4,874.7	9,321.5
Other bonds		
Last week......	1,528.5	1,277.1
Previous week	1,283.0	957.8

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg.day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Blyth, Eastman, Paine, Webber International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiwa Europe NV; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nomura International; Orion Royal Bank; Robert Fleming and Co.; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on November 18

UK COMPANY NEWS

Full London listing for U.S. computer group

BY DOMINIC LAWSON

U.S. COMPUTER company, Dataserv, is soon to apply to the London Stock Exchange for a full listing for its shares. The company, which is incorporated in Minnesota, has no U.S. quote, and will raise about £7m in an offer for sale by tender in December.

Dataserv is likely to come to the London market with a forecast of pre-tax profits of over £1.4m for the year to December 1983. A market capitalisation of around £24m seems on the cards for the company.

The company, founded in 1970 sells new and used IBM computer equipment and arranges leasing facilities, and maintenance services for IBM systems. Its operations are jointly controlled from Minneapolis in the U.S., and Windsor in England.

Business in the U.S. accounts for over half of turnover, the balance being split roughly between the UK and the rest of Europe. Leasing accounts for about 56 per cent of total turnover, while sales of new and used equipment provides a further 32 per cent of the total.

In 1974 Dataserv began a trading relationship with Premier Computers, a UK computer company, which was incorporated in 1971. Nine years later the two companies merged, forming the Dataserv Group which is now seeking a Stock Exchange listing.

The combined group's customers include Barclay's Bank, Citibank, General Accident, The Stock Exchange, Mothercare, AEG Telefunken and the Civil Aviation Authority. These customers helped Dataserv to generate turnover of almost $50m in the six months to June 1983.

The issues of shares in Dataserv will increase the group's capital base from $3m to $10m, and thereby create opportunities for further growth. However the issues will be seen as controversial in some quarters, because the precedents for U.S. companies seeking a London quote such as Chemical Methods Associates and Nimslo, have not been particularly favourable.

Mr Ronald Olson, the American chairman of Dataserv insisted that his company had been wooed by U.S. investment banks seeking to float the business in the U.S. He said that Dataserv chose London in large part because it was cheaper to go public in this country.

The issue is being handled by Samuel Montagu, and the London brokers will be Panmure Gordon. Mr Rupert Faure Walker of Samuel Montagu said that Dataserv was not coming to London rather than New York in order to get a higher rating for its shares.

He said, "I do not believe that there is much difference in the relative ratings of such a company at present." However, he added that "the London market may be more receptive to the small to medium sized company with extensive international operations."

R. Smallshaw profits rise

A modest increase of £4,000 to £85,000 in pre-tax profits is reported by R. Smallshaw (Knitwear), the Leicester manufacturer of knitted outerwear, for the six months to June 30 1983. Turnover improved from £3.26m to £3.34m. There is a tax provision of £44,200 against £42,100, leaving net profits of £40,800 compared with £38,880.

Mr R. F. A. Smallshaw, the chairman, says conditions in the knitting industry have continued to be difficult and Castle Knitwear has traded at a loss.

Demand has greatly increased in recent months, however, and with its recent acquition, Brookside Dyers and Finishers, trading profitably, group profits for the second half should show some improvement.

The interim dividend is unchanged at 0.5p net and this absorbs £12,500. Last year a total of 2.25p was paid from pre-tax profits of £153,405, and this included second interim of 0.5p.

Howard and Wyndham

Pre-tax losses down from £537,000 to £230,000 are reported by Howard and Wyndham for the six months to June 30, 1983. Sales of this publisher of hardcover and paperback books, and jewellery retailer, improved from £1.87m to £2.26m. Comparatives have been re-stated. No interim dividend is being paid on the ordinary and non-voting ordinary shares. The last dividend payment was 0.335p in respect for the year to June 30, 1979.

Trading losses were lower at £55,000 against £133,000, and interest charges fell from £184,000 to £89,000. Ciro, an associate, had losses of £86,000 compared with £220,000. On October 1, 1982, the group sold 60 per cent of its investment in Ciro and subsequently acquired 1.97 per cent. Results for the six months to June 30, 1983, therefor reflect 42 per cent of the loss incurred by Ciro for this period against 100 per cent in the corresponding period last year.

The loss per 20p ordinary and non-voting ordinary share was 3.9p (8.1p), and this was based on the net loss after tax and provision for the dividend relating to the period on the 9 per cent preference shares 1999.

Bejam prospects

Mr John Apthorp, chairman of the freezer centre undertaking Bejam Group, told the annual meeting that he was "reasonably confident" of current year progress in terms of both turnover and profits more in line with the growth record in earlier years.

By the beginning of next month eight new stores will have been opened in the current year, including the 200th store which opens at Woodley, near Reading, on Thursday.

Black Arrow pushes up profits to £420,000

WITH THE help of £41,000 arising from a change in depreciation policy, profit before tax of the Black Arrow Group for the half year ended September 30 1983 has moved ahead by nearly 40 per cent, from £301,000 to £420,000.

All divisions have contributed to the record figures. Those areas that have been affected adversely by the recession have improved their performance. The Manchester branch is in profit and the electrical division is expected to break-even in the current year.

The directors have adopted a depreciation policy based on the Rule of 87 in respect of assets leased to customers, and this has pushed up the profit by £41,000. Comparative figures have not been adjusted.

Turnover for the period came to £4.77m (£4.03m) split as to: leasing and instalment finance £1.18m (£1.06m); office furniture £3.05m (£2.46m); electrical appliances £545,000 (£505,000).

After tax £189,000 (£143,000) the net profit was £231,000 (£158,000). Earnings are given as 3.5p (2.39p) and the net interim dividend is lifted from 1p to 1.25p per share. Total for 1982-83 was 3p when the pre-tax profit came to £710,000.

Another loss at Spong but return to profit forecast

Spong Holdings remained in the red at the pre-tax level in the first six months of 1983, but a confident forecast of a return to profits for the year as a whole accompanies the directors' interim statement.

Turnover for the opening period rose from £485,700 to £668,000, however trading profits were reduced to a near break-even £4,000 compared with £21,200. The company was dragged £26,500 (£32,400) into the red pre-tax after terminal and other non-recurring items of £15,800 this time and interest of £11,100 (£53,600).

The group, a houseware, filter *manufacturer and printer, has* not achieved an overall 12 month profit since 1978 and has not paid any dividends in that time. But, benefits of re-organisation along with the value of sales in the third quarter, and the anticipated level of orders for delivery this year, form the directors basis of a confident return to profits for the year as a whole.

Development of the company's business to date has accentuated its seasonal nature, with a high proportion of sales in the second half.

There was again no tax charge for the first half. Last time there was an extraordinary debit of £32,300.

Electronics setback puts S. Jerome deeper in red

REFLECTING a reverse from a profit of £97,000 to a loss of £112,000 in the electronics division S. Jerome and Sons (Holdings) reports an increased pre-tax deficit of £152,000 for the first half of 1983, compared with £10,000 for the same period of 1982. For the whole of last year a profit of £22,000 was recorded.

Turnover of the group increased from £6.41m to £7.2m. The loss for the half year—which was after allowing for a profit of £32,000 (loss £72,000) on the textile side—was struck after interest charges of £72,000 (£35,000).

Commenting on the electronics divisions, the directors state that CMR has a satisfactory order book and continues to trade profitably. It recently opened a branch in N. Ireland and has already booked significant contracts on security systems.

However, they anticipate that some time must elapse before the operational problems at Davis Safety Controls are solved and there is a return to profitability.

All the textile divisions are running to capacity, with good order books, the directors report. Steps taken to promote sales in the home and export markets are beginning to bear fruit and turnover and orders are considerably higher than a year ago.

The interim dividend is maintained at 0.694p per share, but the directors state that this should not be taken as any indication of the final which will be recommended on the results of the full year and prospects for 1984. In 1982 a total of 2.689p was paid.

Gordon and Gotch ahead by £57,000 at halfway

AN INCREASE of £57,000 to £644,000 in pre-tax profits is reported by Gordon and Gotch Holdings for the six months to September 30, 1983. The interim dividend is unchanged at 3p—last year a final of 4.5p was paid from pre-tax profits of £1.13m. Turnover of this export publishing, financial and computer services group, was down from £19.76m to £17.95m.

The directors say the computer group has continued to make good progress in the design and installation of in-house systems for stockbrokers. It has also secured software contracts from a number of major customers in other sectors.

In Canada, the computer enhancement programme was completed, and the company continued to make good progress as the premier distributor of UK published magazines and newspapers.

They say the second half is expected to produce a similar level of profitability, and early indications are that this will be achieved.

The company's traditional business in the export of magazines and books was assisted by better controlled direct operating costs arising from the rationalisation, which is now very largely complete.

Mercury Airfreight traded strongly, improving its market share, assisted by a welcome sign of a more buoyant industry generally.

Hachette Gotch had an excellent half year's trading, but its vulnerability to the lack of convertible currency in Third World countries required a much greater than normal doubtful debt provision.

Tax for the first six months was £30,000 higher at £335,000. There was an extraordinary debit of £28,000 (£187,000). Earnings per share improved from 6.15p to 6.76p.

Billam cuts loss

Although demand has not improved sufficiently to put J. Billam back in profit, a loss of £11,210 incurred in the half year ended June 30 1983 shows a considerable improvement over the £57,000 of the second *half of last year. The first* half produced a profit of £63,236.

The directors say that they cannot see the situation in 1983 changing greatly, but with more emphasis on improving profitability the company should return to profit "very quickly."

The group is engaged in precision sheet metal engineering work and the manufacture of cutlery. Turnover for the half year amounted to £973,756 (£1,18m). A tax credit of £5,829 (charge £30,000) reduces the loss to £5,381 (profit £33,006), equal to 0.3p (2.215p) per share.

An unchanged interim dividend of 1.4p net is declared. In 1982 a final of a like amount was paid.

Third Mile interim

A return to profit and interim dividend is announced by Third Mile Investment. For the half year ended June 30 1983 it has produced a net profit of £33,942, against a loss of £49,946 after tax £7,005 (£1,200). The interim dividend is 0.7p net from earnings of 1.42p (loss 2.02p).

There is a very small loss of revenue resulting from the sale of Millway Stationery in July but the directors are confident this can be made good from other sources.

For the full year 1982, there was a profit of £3,864 before tax £24,308, and a single dividend of 0.875p was paid.

FT Share Information

The following securities have been added to the Share Information Service:

First Pacific Finance (Section: Banks)
First Pacific Holdings (Banks)
First Pacific International (Overseas Traders)
Monarch Petroleum N.L. (Oil and Gas)
Morley (R. H.) Group (Chemicals, Plastics)
Portinax Development (Food, Groceries, Etc.)

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Combined Technologies, Ericsson (Telefonaktiebolaget LM), Euston Centre Properties, Hambros, Initial, Ivory and Sime, M. K. Electric, Mnemos, Regalian Properties, South-west Resources.

Finals: Australia and New Zealand Banking, Comet, Concentric, Swindon Private Hospital.

FUTURE DATES

Interims:

Aeronautical & Gen. Instruments	Nov 25
British Benzol Carbonising	Dec 2
Buffelsfontein Gold Mining	Nov 30
Clydesdale (T'vaal) Collieries	Nov 30
Grootvlei Proprietary Mines	Nov 30
London and Overseas Freighters	Dec 2
Marievale Consolidated Mines	Nov 30
Pactrol Electronics	Nov 22
Readicut International	Nov 23
St Helena Gold Mining	Nov 30
Stilfontein Gold Mining	Nov 30
Trans-Natal Coal	Nov 30
West Rand Consolidated Mines	Nov 30

Final:

Royal Bank of Scotland	Dec 1

FINANCIAL TIMES STOCK INDICES

	Nov. 18	Nov. 17	Nov. 16	Nov. 15	Nov. 14	Nov. 11	1983 High	1983 Low	Since Compilatn High	Since Compilatn Low
Government Secs.	83.15	83.14	83.52	83.57	83.54	83.70	83.70	77.00	127.4	49.18
Fixed Interest	85.77	85.69	85.87	85.79	85.88	85.78	85.88	79.03	150.4	50.53
Industrial Ord	721.4	721.8	722.8	727.3	727.4	725.1	740.4	598.4	740.4	49.4
Gold Mines	496.3	493.0	521.0	524.3	513.7	509.4	734.7	444.6	734.7	43.5
FT-Act. All-Share	452.18	452.97	453.88	457.60	456.84	453.48	465.74	382.22	465.74	61.92

APPOINTMENTS

APPOINTMENTS

New chairman for Liberty

LIBERTY, retailer, is making the following changes from August 1; Mr D. E. Pike, on reaching the ageof 65, will retire from the chairmanship, but will remain a director. Mr H. Weblin will succeed him as chairman and Mr R. Walker will become deputy chairman.

★

Mr Christopher Rodrigues has been appointed divisional vice-president, marketing and sales, Europe, Middle East and Africa for AMERICAN EXPRESS EUROPE. Based in London, he is responsible for marketing and sales of the American Express Card, Travellers Cheque and Travel businesses within this region. He was previously president, American Express Service Corpn in New York.

★

EXCESS INSURANCE GROUP has appointed Mr Jeff Slocombe, director of international and reinsurance operations from December 1. This extends Mr Slocombe's current responsibilities for international operations to include responsibility for the group's reinsurance operations.

★

Mr David Swain has been appointed vice-president, sales and marketing of AVX in Europe. Mr Swain has held senior positions with Ultra, Union Carbidge and AVX.

★

Mr Geoff Cox has been appointed finance director of SOFTWARE SCIENCES. Mr Cox joined Software Sciences in 1980 and, as group chief accountant, was responsible for the financial accounting functions.

★

Mr Stephen Brabbins has joined the board of Bradford-based business computer specialist, RAM COMPUTER SERVICES. He joins from the Leeds office of IBM.

★

Mr Robert Russell, formerly managing director of Hepworths Retail, has been appointed managing director of RELDAN retail division. He is to be appointed to the Reldan main board.

★

Mr F. J. Pearce has been appointed a director of ANTHONY LUMSDEN AND COMPANY, Lloyd's brokers.

★

Mr Peter Bennett has been appointed an executive director of BARCLAYS MERCHANT BANK from December 1. He was previously with Grindlays Bank as general manager, group management services.

★

TADDALE INVESTMENTS has appointed Sir Monty Finniston as non-executive chairman. Mr David Walsh, the previous chairman, remains an executive director. Mr Joseph Dwek has been appointed a non-executive director of Taddale. He is chairman of Bodycote International.

★

Mr Doug Salmon has been appointed regional director by *OFFICE CLEANING SERVICES.* He was regional manager.

★

Mr W. T. Coleman will be joining JAMES CAPEL & CO., stockbrokers, on November 24.

★

Mr Brian Griffin, chief executive of the Builder Group has been elected chairman of the ABC COUNCIL, the national body that control's the certification by independent professional audit of business publications in the UK and abroad.

★

Mr Andrew Garner has joined BOYDEN INTERNATIONAL in London as an associate. Previously he was managing director of a subsidiary of Gallaher.

★

CEC INSTRUMENTATION, Basingstoke, formerly the electronics and instruments division of Bell & Howell, has appointed Dr Peter McGeehin as director of engineering. Prior to joining CEC Instrumentation Dr McGeehin spent three years managing contract research projects in the fields of composite materials and engineering, and solid state sensors at United Kingdom Atomic Energy Authority's Harwell laboratory.

CONTRACTS

Marconi Radar wins £1m. airport order

MARCONI RADAR SYSTEMS has won an international competition to supply an airfield surveillance radar for Bombay airport. The order, worth just over £1m, will involve supply of ASR carbon-fibre antenna, two transmitter/receivers and signal processors, a radar monitor, three remotely-sited displays, a video mapper and plot extractors. The complete system will be provided in a guaranteed eight months. It will be used at Bombay for marshalling air traffic to and from airways and holding patterns adjacent to the airfield and for sequencing aircraft approaches to the runways.

★

Part of a £100,000 contract for pumps to refurbish soap works in Africa has been placed by Unilever with SIHI-RYALAND PUMPS of Altrincham, Cheshire. Used to pump liquid soap around the works from one process to another, the pumps are MYRAS cast iron heavy duty pumps with external idler bearing arrangement.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price p	+ or –	Net dividend	Times covered	Gross yield	P/E ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	A. & M. Hire 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Acorn Computer 1p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Aspinall Hldgs 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Brit. Petroleum	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bryson Oil & Gas 20p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Coin Inds. 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	DJSecurityAl'ma 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Edinb'gh Fd.Man 1p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Europ'n Assets DFL 1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FAI Insurance 50 cts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Federated Housing 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Flogas 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FrenchConnect'n 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Imtec Group 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Laidlaw Group 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Logica 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lon. Midland Ind. Ord	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mainmet Hldgs 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Oxford Instruments 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	PCT Group 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Page (Michael) 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Peters (Michael)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Telemetrix 5p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Tottenham Hotspur	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	W. W. Thermax	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Woodchester Inv. IR 20p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Witan Invs. Wrnts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price £	+ or –
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Allied-Lyons 11¼% Deb 2009	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bristol Waterworks 6.5% Red. Prf. 1988	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Crosby Hse. 12½pc. Ln. '87/90	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Int. Bk. for Rec. & Dev. 11.5% Ln. 2003	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	LASMO 9¼% Cum Red Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Nationwide 10¼% Bds. 6/10/84	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Sunderland & S.Shields Wtr 9½pc Red Pf 1989	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price p	+ or –
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Amal. Estates 5p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Aran Energy 20p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Arrow Chemicals	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Britannia Arrow	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	C. H. Industrials 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cartwright (R.) 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Chartwell 5p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F.&C. Enterprise Units 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Humberside Elect. 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	MFI Furniture 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Western Mining Options	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. [illegible] ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ● Figures or report awaited. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. †† Dealt in under Rule 163 (3). ✱ Unlisted Securities Market. *Comprising of 10 New ordinary plus 1 Series B Warrant.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year
*Allied Lyons	Nov 29	Interim 2.2
*Amersham International	Nov 22	Interim due
Assoc Leisure	Nov 30	Interim 2.0
Assoc Paper Industries	Dec 16	Final 2.8
*ANZ	Nov 21	Final 14 cents
*Avon Rubber	Dec 7	Final nil
BOC	Dec 9	Final 3.14
*BPB Industs	Nov 30	Interim 5.0
Baker Perkins	Dec 7	Interim 2.1
*Bass	Dec 8	Final 7.44
*Beecham	Nov 30	Interim 4.1
*Boots	Nov 24	Interim 3.5
*Borthwick (T.)	Nov 24	Final due
Brengreen	Nov 22	Interim 0.5
Brockhouse	Nov 25	Final 0.1
Brown (Matthew)	Dec 6	Final 5.55
*Burnett and Hallamshire	Nov 24	Interim 8.0
*Burton	Nov 22	Final 5.25
Capital and Counties	Dec 1	Interim 1.2
*Carless Capel	Dec 6	Interim 1.0
Carr (J.) Doncaster	Nov 29	Final 1.3
*Charter Consolidated	Nov 29	Interim 3.75
Coalite	Dec 7	Interim 1.55
*Comet	Nov 21	Final 2.93
Common Bros	Nov 22	Final nil
*Courtaulds	Nov 29	Interim 1.0
Dawson International	Dec 1	Interim 2.2
*Dee Corpn	Dec 1	Interim 6.0
Distillers	Dec 16	Interim 4.5
English China Clays	Dec 16	Final 5.2
*Extel	Nov 24	Interim 2.5
Ferranti	Dec 6	Interim 1.8
Fine Art Devs	Dec 1	Interim 1.1
*French Kier	Nov 24	Interim 1.25
GEC	Dec 2	Interim 1.0
Grand Metropolitan	Dec 20	Final 4.875
GUS	Dec 9	Interim 5.0
*Greenall Whitley	Dec 6	Final 1.986
Hall (Matthew)	Dec 7	Interim 1.195
*Hambros	Nov 21	Interim 15.15
Hanson Trust	Dec 8	Final 3.5
Haslemere Estates	Dec 16	Interim 1.9
*Heath (C. E.)	Nov 22	Interim 5.0
Hinton (A.)	Nov 23	Interim 2.4
IC Gas	Dec 7	Interim 3.0
Intasun Leisure	Dec 14	Interim 1.4
*Int'l Paint	Nov 29	Final 2.0
*Initial	Nov 21	Interim 3.75
Johnson and Firth Brown	Dec 21	Final nil
*Johnson Matthey	Nov 23	Interim 3.0
Lond Merchant Securities	Dec 16	Interim 0.5
Marshalls Halifax	Nov 29	Interim 1.0
*Metal Box	Nov 22	Interim 5.04
*MEPC	Nov 30	Final 5.25
*Meyer International	Dec 13	Interim 1.5
Norcros	Dec 13	Interim 2.08
*Northern Foods	Dec 14	Final 3.75
Pauls and Whites	Dec 2	Interim 2.5
Pegler-Hattersley	Dec 8	Interim 4.0
*Pilkington Bros	Dec 7	Interim 6.0
Polly Peck	Nov 25	Final 9.0
*Powell Duffryn	Nov 24	Interim 4.7
RHM	Dec 7	Final 2.333
RHP	Dec 9	Final 2.0
RIT & Nrthrn	Nov 15	Interim 2.0
Rediffusion	Nov 26	Interim 1.25
*Redland	Nov 24	Interim 2.94
Renold	Nov 25	Interim nil
*Rothmans International	Nov 23	Interim 1.3
*Royal Bank of Scotland	Dec 1	Final 3.9
Saatchi and Saatchi	Dec 9	Final 5.2
*Scapa	Dec 1	Interim 3.0
Scottish and Nwcstl Brws	Dec 21	Interim 1.5
*600 Group	Dec 1	Interim 2.24
Smith (W H)	Nov 17	Interim 1.75
Sterling Guarantee	Dec 8	Interim 0.25
Tecalemit	Dec 7	Interim 0.8
Trafalgar House	Dec 6	Final 3.7
Unigate	Dec 16	Interim 2.5
*Vaux Breweries	Dec 6	Final 5.5
Ward and Goldstone	Dec 10	Interim 1.0
Wedgwood	Nov 25	Interim 1.75
Westland	Dec 8	Final 4.75
Whessoe	Dec 16	Final 3.0
Whitecroft	Dec 13	Interim 1.4
*Wolverhampton & Dudley Brws	Dec 7	Final 4.25

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

Closing prices November 18

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
17¾	8¼	AAR	.44	3.1	18	7	14⅛	14⅛	14½	-⅜
52⅛	29½	ACF	1.40	2.7	244	126	51½	51¼	51¼	
18⅞	14¼	AMF	.50	3.1		5021	16⅛	16	16¼	+⅛
38¼	16¼	AMR Cp			17	9424	u38½	36¾	38½	+1⅛
19⅝	15	AMR	pf2.18	11		371	19¼	19	19	
39⅛	24⅞	AMR	pf2.13	5.4		621	u39¾	37⅞	39¼	+1½
15¼	3⅝	APL			18	531	11⅞	11¼	11⅞	
55	31¼	ARA	2.05	4.0	11	48	51¾	51½	51¾	
79⅞	49	ASA	3a	5.8		647	51¾	51¼	51¾	-⅝
33⅞	14	AVX	s .32	1.2	41	475	27⅞	27	27	
53⅛	34¼	AbtLab	1	2.1	17	3749	47⅞	46⅝	46⅞	-1
30⅞	23¼	AccoW	n .60	2.3	19	539	26⅜	25⅞	26¼	+¼
27½	16¾	AcmeC	.40	1.7		16	23⅞	23⅝	23⅞	+¼
14⅞	7⅞	AcmeE	.32b	3.1	513	16	10¼	10¼	10¼	+⅛
24⅞	8¼	AdmDg	.04	.2	17	30	22¾	22¼	22¼	+⅛
18⅞	15	AdaEx	1.73e	9.6		30	18	17⅞	18	+⅛
19⅝	7⅞	AdmMl	.24	1.5	8	77	16⅛	16	16	-⅛
18⅝	8⅞	Advest	.12	.9	9	415	14¼	13½	14	+1
34⅞	10⅞	AMD	s		57	2555	33⅛	32¼	33½	+¼
24⅞	12⅞	Aerflx	s		16	111	15⅜	14⅞	15¼	+½
43⅞	32⅞	AetnLf	2.64	7.4	9	3462	36⅛	35⅜	35⅝	-¼
65	55¼	AetL	pf5.18e	9.0		186	57¾	57½	57⅝	
40½	22½	Ahmns	1.20	4.0	8	421	29⅞	29⅜	29⅞	+⅛
7⅞	2¾	Aileen				17	4⅛	4⅛	4⅛	
51	31	AirPrd	1	2.3	12	94	44½	44⅛	44¼	-⅛
29	13⅞	AirbFrt	.60	2.2	22	156	27¾	26⅞	27¾	+⅞
2⅞	1½	AlMoa	s		22	248	2½	2⅜	2⅜	-⅛

Continued on Page 25

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices November 18

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
[illegible]										

Continued on Page 26

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 24

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
[illegible]										
24½	6½	WyleLb			24	10192	237 [illegible]	23½	23	23 −¼
17⅞	9	Wyly				485	10¼	9⅞	10¼	+⅛
22¼	14	Wynns	.60	3.2	16	2	18⅞	18⅞	18⅞	+⅛
		X-Y-Z								
50	35	Xerox	3	6.4	11	1249	47⅛	46¾	46⅞	−⅛
37	18¼	XTRA		1.8	33	56	36	35⅝	35⅝	−⅜
34	20¼	ZaleCp	1.26	3.9	18	12	32¼	32¼	32¼	
21⅞	14¼	Zapata	.84	5.3	6	307	16⅛	15¾	15⅞	−⅛
52¼	28⅛	Zayre	s.30	.7	14	671	46	45¾	45¾	−¼
34½	12½	ZenithR			38	707	32½	32	32	−⅛
38½	22¼	Zero	s.48	1.4	21	10	33⅞	33⅝	33⅞	+⅛
37⅞	24¼	Zurnin	1.32	4.7	10	84	28½	28	28	−¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

Indices

NEW YORK — DOW JONES

	Nov. 18	Nov. 17	Nov. 16	Nov. 15	Nov. 14	Nov. 11	1983 High	1983 Low	Since C'mpil'tn High	Since C'mpil'tn Low
● Industr'ls	1251.02	1254.67	1251.72	1247.97	1254.07	1250.20	1284.65 (10/10)	1027.04 (3/1)	1284.65 (10/10/83)	41.22 (2/7/32)
H'me Bnds	—	70.91	71.05	70.93	70.97	70.97	77.84 (6/5)	60.85 (5/8)	—	—
Transport..	606.04	599.98	598.28	596.60	601.55	596.57	606.04 (18/11)	434.24 (3/1)	606.04 (18/11/83)	12.32 (8/7/32)
Utilities ..	137.55	138.10	138.49	136.95	136.99	137.09	140.70 (31/10)	119.51 (3/1)	163.32 (20/4/69)	10.6 (28/4/42)
TradingVol 000's	88,280	80,740	85,580	77,840	88,880	74,270	—	—	—	—

● Day's high 1260.77 (1262.09) low 1240.35 (1243.19)

	Nov. 11	Nov. 4	Oct. 28	Year ago (Approx)
Indust'l div. yield %	4.46	4.58	4.55	5.21

STANDARD AND POORS

	Nov. 18	Nov. 17	Nov. 16	Nov. 15	Nov. 14	Nov. 10	1983 High	1983 Low	Since Cmpil'n High	Since Cmpil'n Low
Indust'ls.	185.56	186.37	186.57	186.17	187.59	185.22	194.84 (10/10)	164.85 (3/1)	194.84 (10/10/83)	3.62 (30/6/32)
Comp's'te	165.09	166.13	166.08	165.36	166.58	164.41	172.65 (10/10)	138.34 (3/1)	172.65 (10/10/83)	4.40 (1/6/32)

	Nov. 16	Nov. 9	Nov. 2	Year ago (Approx)
Indst'l div. yield %	3.97	4.01	3.99	4.63
Indust'l P/E ratio	14.37	14.18	14.24	10.12
Long Gov. Bond yield	11.61	11.76	11.60	10.41

N.Y.S.E. ALL COMMON

Nov. 18	Nov. 17	Nov. 16	Nov. 15	1983 High	1983 Low
95.46	95.93	95.89	95.49	99.63 (10/10)	80.92 (24/1)

Rises and Falls

	Nov. 18	Nov. 17	Nov. 16
Issues Traded	1,976	1,959	1,973
Rises	756	864	917
Falls	801	685	633
Unchanged	419	410	423
New Highs	—	49	66
New Lows	—	10	9

MONTREAL

	Nov. 18	Nov. 17	Nov. 16	Nov. 15	1983 High	1983 Low
Industrial	432.23	433.70	431.82	432.88	468.50 (28/9)	331.18 (4/1)
Combined	417.12	418.66	416.82	417.38	441.29 (26/9)	325.12 (4/1)
TORONTO Composite	2455.1	2463.1	2454.9	2450.9	2598.2 (26/9)	1949.8 (4/1)

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
ATT	3,788,100	62⅞	−⅛	Tymshare	1,098,100	27⅝	+1⅝
Dr Pepper	1,534,600	20⅛	+2½	Florida Pwr Lt	1,093,400	42	−⅛
Pan Am Air	1,404,700	8⅛	+⅛	Dresser Ind	1,088,000	19	−⅛
Coleco Ind	1,242,400	18⅛	+1½	Baxter Lab	1,075,800	24⅜xd	—
Tele Prima	1,150,800	54⅜	−⅞	Gulf Oil	1,049,400	42⅝	−⅛

	Nov. 18	Nov. 17	Nov. 16	Nov. 15	1983 High	1983 Low
AUSTRALIA All Ord. (1/1/80)	714.9	710.1	710.8	706.1	758.7 (12/9)	487.8 (4/1)
Metals & Mnrls. (1/1/80)	515.2	512.7	514.8	514.6	614.2 (8/8)	411.8 (4/1)
AUSTRIA Credit Aktien (2/1/62)	54.31	54.31	54.28	54.20	58.8 (5/5)	48.48 (12/5)
BELGIUM Belgian SE (31/12/63)	127.11	127.80	128.33	128.16	164.43 (1/8)	100.50 (4/1)
DENMARK Copenhagen SE (3/1/83)	199.19	196.58	194.34	191.84	204.22 (15/9)	100.00 (3/1)
FRANCE CAC General (31/12/82)	144.8	144.3	143.8	143.6	144.8 (18/11)	96.1 (3/1)
Ind Tendance (31/12/82)	164.6	153.2	153.4	153.0	155.4 (16/11)	98.9 (3/1)
GERMANY FAZ-Aktien (31/12/58)	338.95	343.33	(c)	342.02	343.33 (17/11)	241.89 (25/1)
Commerzbank (Dec 1953)	1009.50	1021.9	(c)	1016.8	1021.9 (17/11)	727.8 (25/1)
HONG KONG Hang Seng Bank (31/7/64)	866.49	882.29	864.56	855.72	1102.64 (21/7)	690.06 (4/10)
ITALY Banca Comm Ital. (1972)	191.75	188.87	187.17	185.08	214.95 (21/1)	160.46 (10/1)
JAPAN** Nikkei-Dow (16/5/49)	9386.66	9418.56	9450.81	9379.29	9565.25 (12/10)	7865.18 (25/1)
Tokyo SE New (4/1/68)	689.57	690.79	691.46	687.92	699.60 (7/10)	574.51 (25/1)
NETHERLANDS ANP-CBS General (1970)	139.2	139.1	139.2	140.5	144.6 (11/10)	108.1 (4/1)
ANP-CBS Indust (1970)	112.6	112.3	112.8	112.6	118.4 (10/10)	85.5 (4/1)
NORWAY Oslo SE (4/1/83)	193.05	193.62	195.65	197.06	217.80 (18/10)	99.01 (4/1)
SINGAPORE Straits Times (1966)	954.94	943.14	937.61	934.33	992.62 (25/8)	712.29 (3/1)
SOUTH AFRICA Gold (1958)	—	731.9	755.7	771.8	1099.6 (1/2)	661.4 (1/11)
Industrial (1958)	—	902.0	900.9	900.1	968.7 (28/6)	704.9 (3/1)
SPAIN Madrid SE (31/12/82)	127.17	127.85	127.28	126.87	129.14 (10/11)	88.52 (11/1)
SWEDEN Jacobson & P. (1/1/58)	1453.02	1459.41	1437.70	1422.55	1528.60 (6.9)	896.18 (3/1)
SWITZERLAND SwissBankCpn. (31/12/58)	356.0	353.1	350.5	350.6	355.5 (3/11)	284.4 (4/1)
WORLD Capital Intl. (1/1/70)	—	180.5	181.0	180.4	185.8 (10/10)	154.5 (3/1)

(**) Saturday Nov. 12: Japan Nikkei-Dow (c). TSE (c).
Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50: Standard and Poors—10: and Toronto—1,000: the last named based on 1975. † Excluding bonds. ‡ 400 Industrial. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c-Closed. u Unavailable.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 25

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

CANADA

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

AUSTRALIA

[illegible]

SINGAPORE

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

SOUTH AFRICA

[illegible]

SPAIN

[illegible]

NOTES:—Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

مكتبة الأهرام

T. Boone Pickens, Jr.

GULF INVESTORS GROUP

116 John Street, 26th Floor
New York, New York 10038

AN IMPORTANT MESSAGE TO ALL SHAREHOLDERS OF

GULF OIL

The Board of Directors of Gulf Oil Corporation has suddenly called a special meeting of shareholders to be held December 2, 1983. They are proposing to reorganize Gulf as a holding company, moving the state of incorporation from Pennsylvania to Delaware.

While this may seem like a harmless legal technicality, in fact this move would eliminate important shareholder rights.

WHAT'S THE RUSH?

For sixty-one years, Gulf has been a Pennsylvania corporation. Now, suddenly, the Board proposes to establish a Delaware holding company in order to *"have greater flexibility in such areas as financing and in formulating [Gulf's] acquisition strategies."* The Board of Gulf **admits** in its proxy material that it has **no current plans** to utilize this so-called *"greater flexibility."* Yet it has called a special shareholders meeting rather than waiting for the annual meeting, which is only a few months away.

UNDER THE BOARD'S PROPOSAL, WE BELIEVE YOU LOSE

You lose • Gulf shareholders will lose the ability to require Gulf to submit proposed charter amendments to a shareholder vote. Currently, holders of 10% of the shares can require the submission of such shareholder proposals to a vote.

You lose • Gulf shareholders will lose the ability to call a special shareholders meeting. Currently, the holders of 20% of the shares can call a special meeting.

You lose • Gulf shareholders will lose their right of cumulative voting in the election of Gulf directors. Cumulative voting affords a substantial shareholder the power to elect a board member who would then be able to communicate with Gulf management and other directors at the Board of Directors level. Such board representation would help assure a full review of strategies which might not otherwise be considered.

You lose • If you are a Canadian shareholder of Gulf, you will be forced to treat the reincorporation as a **taxable event** for Canadian tax purposes—**just as if you had sold your shares.**

REINCORPORATION: WHO BENEFITS?

In our opinion it is the responsibility of the management of a public company to increase shareholder values. **Ask yourself whether the reincorporation proposal, with its elimination of shareholder rights, will further that objective.** Ask yourself whether the elimination of cumulative voting (the elimination of which the Securities and Exchange Commission Division of Corporation Finance has identified as an **"anti-takeover measure"**) will be in your financial interest. **The Reincorporation Proposal may be good for Gulf management. But is it good for you?**

Members of the Gulf Investors Group have invested nearly $800 million in Gulf stock and own 17.9 million Gulf shares, representing 10.8% of the total outstanding. Our substantial financial commitment creates a common bond with all Gulf shareholders who seek to enhance the value of their investments in Gulf.

We believe the reincorporation proposal is a defensive reaction to the emergence of an independent shareholder group. Gulf's defensive posture was summed up by one of Gulf's "Wall Street strategists" as follows: *"Let's just say for the moment that we're strapping on our six shooters."* (October 20, 1983, *The Wall Street Journal*)*

If you agree with us that the purchase of a major investment in Gulf stock does not justify the hostile reaction of a hastily called special shareholder meeting that will eliminate important shareholder rights, then you must act swiftly to protect your investment.

Thank you.

On behalf of the Gulf Investors Group

T. Boone Pickens, Jr.

T. Boone Pickens, Jr.

- Sign, date and return the **BLUE** proxy card. Vote **AGAINST** the reincorporation proposal.
- Even if you have already returned a previous management proxy, your later dated **BLUE** proxy will be the only one that counts.
- If your shares are held at a bank or brokerage firm, and you are concerned that your vote may not reach the Gulf Investors Group in time, please call our proxy solicitor:

THE Carter ORGANIZATION, INC.

Toll-Free 800-221-3343
or
212-619-1100 (collect)

The members of the Gulf Investors Group and their holdings in Gulf are: Mesa Petroleum Co. through its subsidiary Mesa Offshore Co., 11,933,527 shares; Wagner & Brown, 1,621,398 shares; Harbert International, Inc., 1,621,398 shares; Sunshine Mining Company, 1,134,976 shares; First City Properties Inc., 405,350 shares; Far West Financial Services Corp., 405,350 shares; First City Trust Company, 405,350 shares; and First City Financial Corporation Ltd., 405,351 shares.

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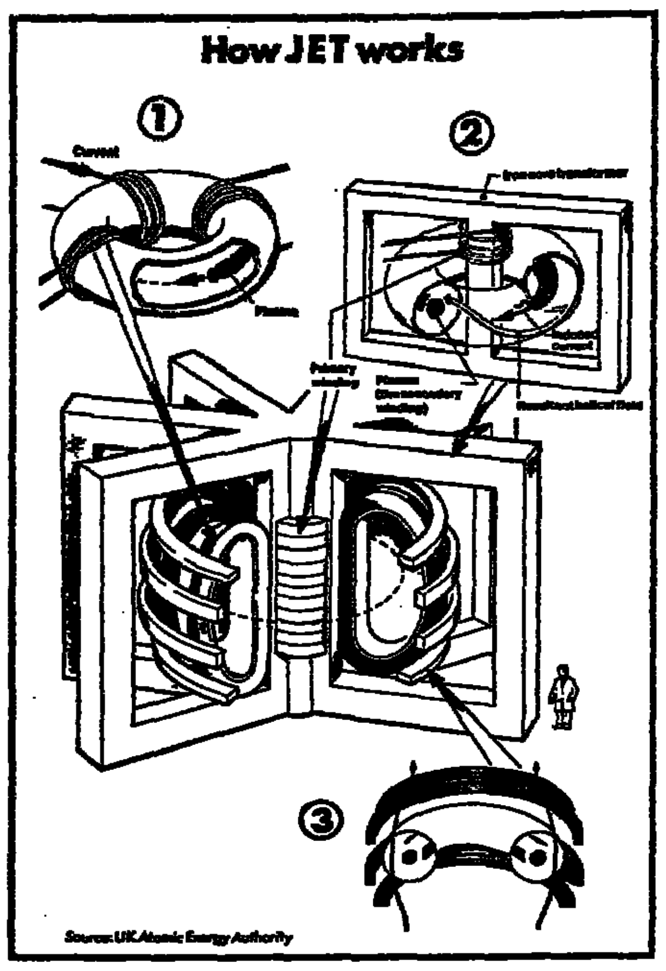
FINANCIAL TIMES REPORT

By DAVID FISHLOCK, SCIENCE EDITOR



● Above: inside the torus, the vacuum vessel at the heart of JET.

● Centre: how JET works; (1) a doughnut-shaped magnetic field is created by current-carrying coils, wrapped round the torus; (2) the plasma tends to drift outwards but the effect can be reduced if the field lines are twisted into helices by adding a second (poloidal) magnetic field; (3) the plasma now tends to expand outwards, but the drift is controlled by a third, vertical magnetic field.

SIX KEY MEN BEHIND THE JET PROJECT

Above: left to right: Dr Hans-Otto Wüster, of West Germany: director, JET Joint Undertaking; Dr Paul Rebut of France: deputy director and head of operations and development department; and Dr Roy Bickerton, UK: associate director for scientific department.

Left to right: Dr Sebastian ("Bas") Pease, UK; the Authority programme director for fusion; Dr Mick Lomer, UK: director, Culham Laboratory; and Mr George O'Hara, UK associate director, administration department.

The JET project

JET, the Joint European Torus, at Culham, just south of Oxford, is Europe's biggest single investment in the search for an alternative to coal and uranium, the fuel of nuclear fission, as its staple sources of electricity.

It is an attempt to reproduce the reactions *of the sun and stars*.

For a price now put at £450m to the end of the JET programme (about 1991), Europe's scientists are trying to create conditions of temperature and pressure far beyond engineering experience at present.

These conditions are the secret of the inexhaustible energy of the sun, released by the fusion of small atoms into bigger ones.

JET itself will produce no electricity. As the project director, Dr Hans-Otto Wüster, says: "It will be highly negative on that score."

It is a research apparatus with its own lines to the electricity grid to tap up to 575 Mw, in addition to the 400 Mw pulses of power each of its own flywheel generators can provide for its experiments.

It will focus this energy into a ring-shaped reaction vessel, the torus, as a complex interaction of beams and magnetic fields.

If everything remains under perfect control at peak power input, JET may just reach the physical conditions needed for fusion. But it will take the rest of the decade to tune the big apparatus up to this point.

Nevertheless, JET can already claim two great achievements:

● First, the concept has united about 1,000 scientists and engineers engaged in fusion research in 12 European countries into one "team" with a single dominant objective.

● Second, the JET project itself has finished the basic machine in the five years it estimated, for £175m, only about 8 per cent more (excluding inflation) than it estimated, when it received the green light from the European Community's Council of Ministers in May, 1978.

Key figures in these achievements are pictured on this page: Dr Wüster, has managed the project, with Dr Paul Rebut, his deputy, responsible for JET's design, construction, and now operation and further development. Dr Roy Bickerton, associate director of JET, is responsible for the £150m scientific programme.

Dr Sebastian ("Bas") Pease, as Britain's foremost fusion physicist, played a major role in persuading Europe's physicists to unite behind the JET project.

Dr Mick Lomer, as director of the UK Atomic Energy Authority's Culham Laboratory adjoining JET, has provided crucial engineering and scientific support for its neighbour, including many of the best staff.

Mr George O'Hara, associate director responsible for JET administration, has placed contracts worth more than £130m and paid for more than 1,200 man-years of work on the apparatus.

The JET project suffered the birthpains of an almighty political row in the mid-1970s, between completion of Dr Rebut's design and the start of construction. The project was held up for two years while Europe's politicians fought over which nation should be host.

Some of them voiced the case for having it close to a major international centre of fusion research, to provide the support so ambitious an engineering venture would surely need in abundance. This condition narrowed Europe's choice to two sites, at Garching near Munich, and Culham.

As politicians from some other nations saw it at the time, however, the prestige of being host to JET outweighed merely technical considerations.

But what in the mid-1970s appeared to be a highly destructive dispute, that threatened to kill the project at birth, now seems in retrospect to have had a positive side. The row alerted a much wider audience for JET, not least in European industry, which competed hard and highly successfully for the high-technology subsystems of the machine.

> **JET - the Joint European Torus - is a scientific experiment on a grand scale. If it works as well as its designers dream, the £450m investment could put Europe firmly in the vanguard of world efforts to harness an entirely new source of energy, thermonuclear fusion. It would be almost inexhaustible.**

Less than 1 per cent of the contracts were fulfilled outside the 12 member-states. Dr Pease has no doubt that JET was cheaper to build than would otherwise have been the case because industry throughout Europe bid so enthusiastically for contracts.

A big row at the outset does three important things for an international project like the JET project. It receives the attention of participating governments. It ensures that adequate facilities are committed to the project. And it gets the attention of industry.

It can be contrasted with Super-Sara, another ambitious nuclear project which Euratom, the EEC's nuclear agency, tried to launch. The supporters of Super-Sara never developed the same sense of purpose and commitment as those of JET. It died recently, almost unknown and unmourned.

But Dr Rebut warns wryly that the row must not go too far. For two years he was struggling to hold his international design team together at Culham with morale sinking fast as the politicians quarrelled, and from this perspective he believes it came uncomfortably close to dying.

For the host nation chosen, such a project has some considerable attractions. There is the prestige of being the centre of a conspicuous international enterprise. There is the business that flows, for the civil engineering side of such a venture invariably is done by the host nation. And there is the advantage it gives in making the case for hosting any follow-on project.

Britain was chosen as host nation to JET partly, at least, because Europe recognised the Culham Laboratory as one of its most powerful fusion physics teams. It has done rather well out of the contracts.

If we set aside the civil construction, British industry secured almost 35 per cent of the contracts for JET's construction, compared with 26.6 per cent by W. Germany, 11.8 per cent by France and 10.8 per cent by Italy. Of the big contracts, worth more than £100,000—including the civil construction contracts—Britain secured 47 per cent.

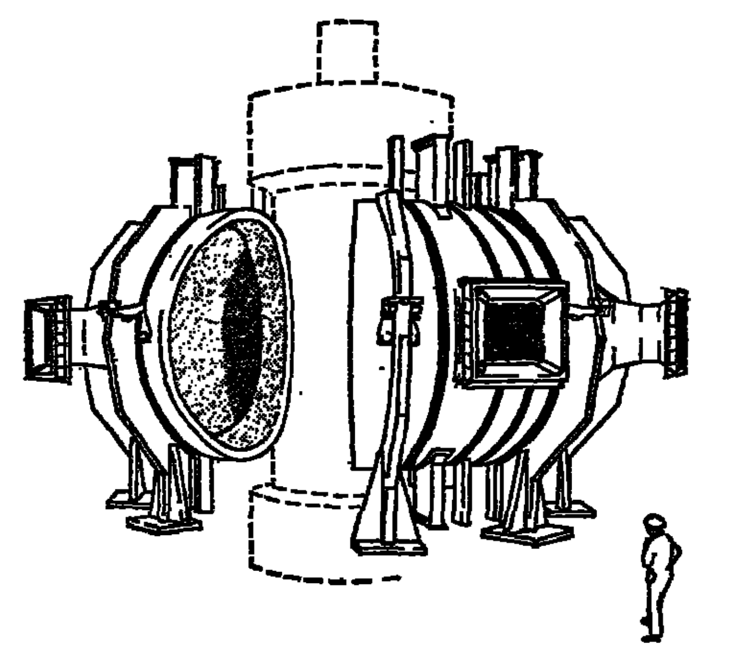
One year, Britain's share of the contracts even reached 57 per cent.

The total UK Government outlay for fusion, including Britain's payments to JET, add up to about £22m a year.

JET came to life for the first time on June 25, six months after its closest rival at Princeton. Both machines are still at the stage of refining their vacuum conditions enough to perform useful physics.

JET was the first to reach 1m amperes of plasma current and sustain it for half a second, although Princeton has since achieved these conditions, too. JET's goal for reporting its first experimental results is a fusion conference in London in September 1984.

As for the goal of commercial power from fusion, Dr Wüster speaks cautiously of "the second quarter of the next century," to bring the technology to the point where it is accepted as economically viable, as the fast breeder type of fission reactor can claim to be today. But the prize will be a way of burning fuel that is almost inexhaustible.



How the project is managed

A STROLL through the huge white halls of JET, filled with their shiny or bright-painted structures, provides a roll call of the great names of European engineering.

These were the winners in an international competition to get company nameplates attached to one of Europe's most ambitious engineering projects. Industry has responded enthusiastically.

JET was designed and built by Dr Paul Rebut, deputy to Dr Hans-Otto Wuster, project director.

Dr Rebut, a voluble and assertive French physicist, led the international team which assembled at the Culham Laboratory in 1973 to design JET.

He held the team together through the long delays of the mid-1970s while Europe's politicians squabbled over who should host JET. He kept the design advancing, notably in available power to heat the plasma, so that it remains the most powerful experiment of its kind under construction anywhere in the world.

Dr Rebut, as head of the construction department, has assembled JET in the five years allotted at the outset, at what he claims must be a record low price for the proportion spent on project management, about 16 per cent of construction cost.

He says his team of under 200 was really too small for the task, which meant that everything has been done at high pressure, with too few experiments to check the validity of their decisions on the way.

This team, mainly professional engineers and scientists, has been recruited from the associated European fusion laboratories, including the Culham Laboratory. All are on temporary attachment to JET—there is no job security—and many return once their specific task is complete. This year the turnover is more than 10 per cent.

This policy of staff mobility is made clear to all recruits, says Dr Wuster. It was agreed from the start that there would be no group at JET looking into "the next project." In his view, research centres can fall apart scientifically because staff become too involved with the next project and continuity of their jobs.

Dr Wuster has brought to JET his experience of two major European accelerators, DESY in Hamburg, then the Super Proton Sychrotron at CERN in Geneva, where he was deputy to Sir John Adams, project director. But JET built on this experience to develop its own scheme for managing the contracts.

"The first condition of successful procurement is: can the firm do it?," says Dr Rebut. The procurement policy evolved for JET is as follows: first, Dr Rebut's team defines the specification for a part or sub-assembly in as detailed a form as possible, and costs it. It does not allow for development costs. It compiles a list of companies it considers to be competent to make it. But it also asks each of the 12 member-states whether they want to add companies to JET's list.

JET sets up a technical evaluation group to assess the tenders for a particular item. This group has two tasks: to eliminate all tenders which fail to fulfil JET's specification; and to ensure that the survivors are all on the same footing technically. This group does its work without knowing the prices tendered. Then it picks the lowest tender.

Assembling an octant, one of the eight "orange-slice" segments that make up the torus of JET.

Further checks

Almost invariably this procedure produces unanimity in the group on who should get it, Dr Rebut says. In effect, it is picking the lowest competent tender.

As further checks, the project director has the final say, and his executive committee then endorses his decision. He estimates that 99 per cent of those picked in this way are approved at the top.

Only one contract—for electronic equipment—has been cancelled because the supplier fell down on the job.

Dr Rebut is emphatic that the tender must not include development— "always a catastrophe." Where JET has doubts about the design, a study contract is awarded first, for example to investigate the mechanical stresses on the toroidal magnets (see article, right).

So, JET paid for study contracts awarded to several potential suppliers, which asked whether the company saw any special problems, and if so what extra cost and time did it think might be needed to resolve them.

What has surprised the project is just how widely the tender prices are spread. On average they differ by a factor of three between highest and lowest.

"The second-lowest bidder is often the party which complains," Dr Rebut says drily. The project had complaints from firms which had quoted double the price of the tender accepted "yet really believed they had put in a sharp price," another executive adds. No one country had a monopoly of the more preposterous bids.

"Up to now, every shift in fusion physics has shown that the JET design is the most advanced of all," Dr Wuster claims. "It can't be overtaken—we firmly believe that."

Although JET has no "next project," Dr Rebut has four large technical developments to manage. The first is to increase the machine's power steadily throughout the 1980s. This includes the development of the novel technology of radio-frequency heating of plasma far beyond anything demonstrated so far.

The second challenge is that as he succeeds in pumping more power into the plasma, he will need to keep the control systems that manage the hotter plasma advancing. They, too, will need more power if they are to keep control.

The third development is a remote handling system for operating and maintenance of JET once it has been activated by high-energy neutrons, as is planned in the late-1930s. A one-tenth scale model is being used to work out access problems for the servo-manipulators.

The fourth major development for Dr Rebut's team is to prepare for JET's culminating experiments, involving alpha particle heating of the plasma from the injection of 60 milligram shots of tritium.

Although this stage will not turn JET into a nuclear installation, under British law, it will have major ramifications for the JET project.

Twelve European nations have contributed to the JET project

A fusion of top talent

WHATEVER the final outcome of JET scientifically, the project is already assured of a reputation as another triumph of European technological collaboration.

A dozen nations—the EEC, plus Sweden and Switzerland—pooled their best talent in fusion physics and engineering to pursue a venture none of them doubted lay at the limits of technology when it was designed in the mid-1970s.

They agreed—after some fierce political infighting—to locate JET at Culham, alongside one of Europe's main centres of fusion physics.

The proximity of such a resource was essential, it was argued, to help JET through the difficult technical patches which would surely arise in so advanced a machine. And so it has proved.

The link between the Culham Laboratory and JET was cemented in practical as well as symbolic terms by the graceful arc of a covered bridge. Last year Culham provided services to JET costed at £6.6m—in addition to its £5.4m contribution to JET on behalf of the UK—out of a total UK fusion energy budget of about £22m.

One thing JET has already demonstrated is that Europe is better at this kind of high-technology project than some people believed, says Dr Mick Lomer, director of the Culham Laboratory. The necessary skills are not American-dominated. About 95 per cent of JET has been made in Europe. There has been no failure, so far, of a major component.

Associated with JET, therefore, is a total of about 3,500 people engaged in Europe's fusion research programme, of which about 1,000 are professional staff. Euratom contributes up to 45 per cent of the cost of the bigger experimental devices.

The current five-year programme agreed by the Council of Europe for Euratom allocates 620m units of account (about £350m) to the fusion programme for 1982-86, almost equally divided between JET and the associated laboratories.

International collaboration

Thus, Euratom is expected to provide about 40 per cent of the total outlay on fusion research by Europe during 1982-86, some 1,500m units of account (about £850m).

The European fusion programme, under the direction of Dr Donato Palumbo at Euratom headquarters in Brussels, is devoted almost exclusively to the magnetic confinement approach to controlled thermonuclear reactions.

Euratom regards the Russian-invented tokamak method of confining a plasma inside a ring-shaped magnetic bottle as "at the moment, the most practical means for the production and study of fusion-relevant plasma, and for the development of heating, diagnostic and refuelling techniques," says Dr Palumbo.

Most of the associated laboratories are equipped with tokamaks of various sizes.

For example, in the early-1970s France had the best-performing tokamak in the world, at the CEA's laboratories at Fontenay-aux-Roses, near Paris.

Italy, at Frascati, has a high-field tokamak which recently held the world record for the combination of plasma density and confinement time.

West Germany, at Garching, has produced the first experimental evidence that it may be possible to get hotter plasmas without a fall-off in confinement time.

France, at its new fusion laboratories at Cadarache, has begun to build a tokamak equipped with superconducting coils. Frascati and Garching are also planning new tokamaks. Euratom is also studying the idea of a very high field tokamak, called IGNITOR.

All of these tokamak experiments have one common objective, namely to provide data for the design and construction of NET, the Next European Torus. NET is currently envisaged as the intermediate step between JET and the first demonstration fusion reactor (although some fusion physicists believe that two steps will be necessary).

A scientific panel, headed by Professor Kurt Beckurts, Siemens' director of research, has set out a programme strategy for NET, recently adopted by Euratom.

Three tasks

The small NET project team at Garching, now headed by Italy's Professor R. Toschi (who has stepped down after five years as chairman of JET's executive committee), has been given three tasks:

1. To produce, by the end of 1984, a conceptional design for NET.

2. To contribute to the INTOR concept for an international torus (see the article on future prospects).

3. To provide focus and guidelines for Europe's expanding fusion technology programme, for example in advanced magnet design, in tritium technology, and in the materials problems.

In order to fulfill these tasks, the NET team will grow to 25-30 professional staff. They hope to be ready to firm up NET's main parameters around 1987 although they will need the results from JET and its alpha particle heating experiments before NET's design can be completed.

The programme for NET may well be five times as costly as JET, says Dr Lomer at Culham Laboratory.

Its sponsors will want firm evidence that such an experiment will survive the conditions it has been designed to create. That is the basis on which a panel set up last winter by the International Energy Agency has recommended European and Japanese participation in a unique U.S. facility, the Fusion Materials Irradiation Test (FMIT) laboratory at Hanford in Washington State.

FMIT is a metallurgical laboratory designed round a powerful linear accelerator which will generate neutrons of fusion energy.

These are 14 MeV neutrons, known to be highly destructive to the mechanical properties—strength, ductility, fatigue strength, and so on—of engineering materials.

In particular, such neutrons will bombard the first wall of the plasma containment torus of NET.

Europe has no other way of exploring the damage fusion-energy neutrons can do. The alternative to a special-purpose accelerator would be to use a big fusion experiment itself—which by definition would provide information too late.

The IEA panel, headed by Sir Alan Cottrell, recommended that Europe and Japan should participate in FMIT.

Just how they will participate in and help pay for this $215m project is now being negotiated.

Scientists are now creating one of the most complex machines ever designed

A giant electrical 'doughnut'

IMAGINE A ring doughnut 2.63 metres in diameter, squatting flat as the single turn of a secondary winding for a huge transformer, so powerful that it can pass millions of amperes of current through such a "coil."

That, in essence is JET, the Joint European Torus, a giant electrical machine confidently expected by its designers to press closer to the control of nuclear fusion reactions than any other experiment under construction.

So far it has cost about £175m to construct.

The secondary coil is, in reality, a ring-shaped vacuum chamber, or torus, within which a ring of plasma will form. Plasma is the chaotic fourth state of matter, an electrically conducting cocktail of atomic debris produced when gases are super-heated.

To get JET started, a little hydrogen gas is squirted into the hard vacuum of the 100-tonne torus. The surrounding transformer can then induce a current of up to 4.8m amperes in the resulting ring of plasma.

Over the next few years, JET scientists hope to inject more and more energy into the ring of plasma, by a variety of means, until they attain extreme conditions of the kind found in the sun and stars, where thermonuclear reactions are taking place.

Should plasma at tens of millions of degrees C touch the wall of the torus, it will promptly dissipate all its energy, melting or at least "grazing" the inner wall of the nickel alloy chamber. To prevent the plasma escaping, the torus is enveloped in two separate sets of magnetic coils, toroidal and poloidal, which constantly push and pinch the writhing ring of plasma.

Electronic controls try to follow every twist and turn of the plasma, to keep it centred within its magnetic bottle, well away from the wall.

Bunker

JET stands in a building constructed by Tarmac, at the centre of the torus hall, an immense concrete bunker with walls 2.5 metres thick, that shields adjoining work areas from radiation from the machine.

A 400-tonne sliding door and 1,000-tonne beam can shut off the machine from the outside world. The great orange limbs of the transformer, built by CEM in France, 12 metres tall and 15 metres in diameter, frame the torus itself, now festooned with cables, waveguides, plumbing and instruments.

GEC played a major role in JET's construction. In addition to its large-component contracts for magnetic coil power supplies and the carbon dioxide bake-out system on the torus, it was awarded a contract (GEC Energy Systems) to supervise assembly of the machine.

This operation took only 17 months, from January 1982, when the torus hall was handed over by the contractors, until JET produced its first plasma in June this year.

The main power supplies for JET include twin flywheel generator-converters supplying the toroidal and poloidal coils. They are low-speed, vertical-shaft generators designed by GEC Large Machines specifically to provide the high-energy pulses of power JET needs.

The generators are 11 metres in diameter and weigh 1,678 tonnes. They sit in pits 24 metres in diameter and 5 metres deep; they are designed to deliver up to 2,600-megajoule pulses of energy at rates of up to six pulses an hour.

The double-walled vacuum chamber was fabricated by Morfax, which made it in eight orange-slice segments, called octants, from Inconel 625. JET staff dropped one on site and it had to be returned for repairs.

The octants were welded by robot, one to another, on the machine until the torus was complete and vacuum-tight. It can hold a vacuum of 10^{-9} torr.

Leybold Heraeus provided the turbomolecular pumps, the main vacuum pumping system. The carbon dioxide baking and cooling system applied to the space between the inner and outer walls of the torus then provided the first stage of "vacuum hygiene," in the quest for a sufficiently pure plasma for experiments.

The big machine

Brown Boveri (BBC) was responsible for the main magnet systems, 32 toroidal field coils (and four spares) and the larger poloidal field coils.

Final assembly and preparation of all these coils was done in the assembly hall adjoining the torus hall. The six inner poloidal field coils, for example, are stacked to form a vertical cylinder weighing 100 tonnes, and were moved as a single sub-assembly along with associated bus bars and water cooling manifolds to their place in the machine.

The complete ring of D-shaped toroidal field coils encircling the torus weighs 384 tonnes and will draw current pulses of up to 66,000 amp from the flywheel generators, dissipating up to 280 Mw of heat.

JET's magnetic field exerts an immense magnetic pressure which tends to expand the coils and produce very large mechanical forces. Each coil is being pressed towards the centre of the machine with a force of 2,000 tonnes.

Only the initial heating of the plasma, up to a few million degrees C, can be done by the magnetic coils. Two more systems of heating, using high-energy beams focused into the torus, are being installed at present.

One is neutral injection heating, in which an intense beam of high-energy neutral atoms—

CONTINUED ON NEXT PAGE

THE JET PROJECT—III

Painstaking work ahead

RIGHT OUTSIDE the white concrete walls of the torus hall is a large open space which will gradually fill up with instruments over the next few years.

This is the diagnostics area, where the scientists work with the tools that peer into the torus itself, to try to follow the behaviour of the plasma. This will become increasingly interesting as the power of the machine rises over the duration of the programme.

Dr Roy Bickerton, seconded from the UKAEA, is associate director responsible for JET's scientific programme—the experiments in plasma physics to be run on the machine, and the interpretation of the results.

Over the next few years his team of up to 100 scientists and engineers is scheduled to commission no fewer than 28 different diagnostic systems. The clean lines of JET will gradually disappear in the clutter of instruments and support structures surrounding the torus.

JET has a budget of about £150m for a research programme lasting until 1990. During this time Dr Bickerton hopes to see the temperature of the plasma raised in half-a-dozen stages, from around 1m degrees C today to about 100m degrees C by the end of the decade.

Three basic conditions are believed to be necessary for controlled thermonuclear fusion—the sustained release of energy comparable to the core of a fission reactor. These conditions, called the Lawson criteria after the British theoretical physicist John Lawson who first spelled them out, are a sufficiently hot plasma (around 100m degrees C), a sufficiently dense plasma, and a sufficiently durable plasma.

The most obvious problem for the experimental physicist is that the hotter and denser he manages to get his plasma, the more it strives to escape from its magnetic bottle.

Dr Bickerton is still at the stage of "plasma hygiene" on *the newly-built machine. As the* power input rises, more and more atoms are driven from the inside wall of the torus to contaminate the plasma. He foresees another year of painstaking work ahead to get the machine clean enough for serious measurements, while the first diagnostic systems are being assembled.

The diagnostics are mostly being planned and built in the 17 fusion physics laboratories round Europe associated with the EEC fusion research programme. An early arrival is a Danish apparatus for measuring the temperature and density of the plasma by firing pulses of laser light into the torus. It has been designed by the Danish national nuclear research centre at Riso.

The laser points downwards from a roof laboratory above the torus hall, entering the torus through various small windows. Light scattered by the plasma is picked up through larger windows at the side of the torus, and reflected back to the roof laboratory by a large mirror telescope.

The research programme

Special alignment systems are needed to keep the laser beam centred on the input windows and the telescope focused on the small volume of plasma from which light is scattered.

To ensure the stability of mirrors set six metres above the floor, the telescope sits upon a 20-tonne concrete plinth—an indication of the scale of engineering associated with experiments on JET.

All of the diagnostic systems use beams—of light or other radiation—to extract data from the plasma, for the evident reason that no other kind of sensor would survive.

The diagnostics are also designed to survive the life-time of the programme. This leads to some pretty robust engineering and support structures reminiscent of offshore engineering, except that they must be non-magnetic and hence made from stainless steel or concrete.

France is providing a very sophisticated multi-channel far infrared interferometer to measure the plasma density, developed at the fusion laboratories of the Commissariat à l'Energie Atomique at Fontenay-aux-Roses, near Paris. This will use a deuterium cyanide laser as its sensor.

Seven vertical and three *lateral shafts of laser light* will pierce the plasma to take measurements throughout its volume.

The optics for this complex instrument are being mounted on a single large C-frame of stainless steel, which has to be mechanically decoupled from JET to minimise vibrations.

Mirrors are needed both inside the vacuum vessel and on the outside of JET, to bend beams round such obstructions as the coils of the machine. The laser itself must stay outside the torus hall, in the diagnostics area, to avoid damage by radiation, necessitating very long optical paths.

JET has more heating power planned and a higher plasma current capability than any other plasma experiment under construction today. Hence, it is believed to have a better chance of reaching the conditions for a sustained fusion reaction.

But at each step-up in power, as a new source of plasma heating is brought into play, the physicists will be wrestling to keep control of the plasma. For the next year, ohmic (resistive) heating alone will be used while JET is being cleaned and the physicists are getting to know its idiosyncrasies.

Next year the power should rise from 2 megawatts to 7 Mw of heating, with use of the first neutral beam injection unit. During 1985, another such unit together with the first 6 Mw of radio-frequency heating will bring *the power close to 20 Mw.*

By 1987, Dr Bickerton hopes to be doing research with the full power of the present machine, 25 Mw.

Beyond that lies the possibility of heating the plasma still further, perhaps to "ignition," as the physicists call the point at which the three Lawson criteria are met, by alpha-particle heating. This will necessitate the injection of tritium, the radio-active isotope of hydrogen.

Experimentally, this will be a very big step, requiring not only a major investment but immense care to ensure the safe containment of tritium.

Inevitably, it will greatly complicate any further modifications or maintenance on JET, most of which will then have to be done by remote handling or robots.

Before taking this irreversible step, the physicists will have *to satisfy JET's scientific* council not only that alpha-particle heating is going to produce a significant increase in plasma temperature, but that there is no other experiment they might usefully do—try some other heating system, for example — on the inactive machine, Dr Bickerton says.

"The decision is a very serious one that will be taken in light of the performance of JET and other circumstances at the time," he says.

WHERE THE CONTRACTS WENT

	Overall		Excluding building contracts	
	ECU†	%	ECU†	%
Britain	96,737,868	48.78	58,656,520	37.47
West Germany	41,659,452	21.01	41,659,452	26.61
France	19,365,503	9.77	18,526,883	11.84
Italy	19,013,365	9.59	16,824,332	10.75
Switzerland	8,698,617	4.39	8,698,617	5.56
Denmark	4,424,643	2.23	4,237,926	2.71
Belgium	3,638,765	1.84	3,638,765	2.32
Netherlands	2,990,460	1.51	2,964,769	1.89
Sweden	541,509	0.27	97,681	0.06
Others	1,225,270	0.62	1,225,270	0.78
	198,295,452	100.01	156,530,215	99.99

† European currency unit
Source: JET Joint Undertaking, October, 1982

Where is the project leading us?

IN STRIVING to harness fusion energy to power production, Europe has focused almost exclusively on the tokamak approach. The main thrust of the fusion programmes of both Japan and the USSR also appears to be the tokamak.

Japan is assembling its JT-60 machine, not quite as powerful as JET, for completion early in 1985. The project is being managed by Japanese industry, with the major electrical groups in charge.

The USSR is building a superconducting tokamak, T-15, smaller than JET and scheduled for completion around the end of 1985. The more ambitious T-20 concept, which went beyond JET, has never materialised as a project.

The U.S. has a more broadly-based fusion programme. The heart of its tokamak effort is a mesa near San Diego, where the Gulf subsidiary GA Technologies is operating Doublet III.

This is a joint venture funded mainly by the U.S. and Japanese governments, which provided its first experimental results in 1979.

At the end of the current five-year joint programme Doublet III is to be modified extensively to make a machine which Dr Tihiro Ohkawa claims will be "almost as powerful as JET for much less cost."

Dr Ohkawa, GA Technologies' vice-president in charge of fusion and chief fund-raiser, runs a team of nearly 500. Phillips Petroleum is one of his sponsors. He has just re-negotiated his collaboration with Japan for another four years. His budget this year is about $54m (£35m).

European fusion physicists exchange results freely with the Doublet III programme, hold Dr Ohkawa himself in high regard, and treat seriously his assertion that his modified machine will reach fusion conditions in 1986-87.

Looking to the future

The more highly publicised feature of the U.S. fusion programme, however, is the Tokamak Fusion Test Reactor (TFTR), a $314m machine which began operating seven months ahead of JET, at the Plasma Physics Laboratory at Princeton, New Jersey.

But according to European physicists, TFTR is underpowered. Its designers, who launched into construction about six months ahead of JET, failed to aim high enough in provisions for plasma heating, they say.

At Livermore, near San Francisco, the Lawrence Livermore National Laboratory is assembling a machine 215 ft in length, in a different approach to the basic problem of trapping ions in a magnetic bottle for long enough to achieve a sustained fusion reaction.

The $200m Mirror Fusion Test Facility (MFTF-B) is a linear instead of circular bottle, 35 ft in diameter, corked at each end with a 400-tonne super-conducting magnet to prevent plasma leaking.

Its scientists say that this leviathan will not be far from the size of a fusion reactor. They hope to switch on in 1987.

All of the foregoing magnetic confinement projects are part of an open international fusion research effort, the experience and data of which is exchanged relatively freely between scientists.

But Lawrence Livermore, as a U.S. nuclear weapon design centre, is also part of a closed research effort on a non-magnetic aproach to the confinement of plasma, inertial confinement.

The aim here is to achieve the conditions for sustained fusion by focusing high-power beams, for example of laser light, on a capsule of fusion fuel. U.S. laboratories closely associated with the inertial confinement research programme include the Los Alamos and Sandia National Laboratories. This programe is funded by the U.S. Department of Defense.

The U.S., USSR, Japan and Euratom all have teams participating in the INTOR (International Torus) study mounted by the International Atomic Energy Agency in Vienna.

In Europe, NET (the Next European Torus study) began as a way of co-ordinating Europe's contribution to the INTOR concept, although its opinion has recently begun to diverge from INTOR in the belief that at least one more experimental apparatus will be needed before a demonstration fusion reactor should be attempted.

As Dr Hans-Otto Wüster, JET's project director, sees the problem, when the physicists look at the INTOR studies and almost any major fusion reactor component, they see "problems for years ahead."

How, for example, do you make superconducting coils weighing 1,000 tonnes, 24 metres in diameter?

Dr Wüster believes that in light of these problems the McCormack political initiative towards the end of President Carter's administration, when he called for a crash programme along the lines of the Moon landing, was simply "a nonsense." It made no more sense scientifically than similar politically inspired crash programmes during the 1970s in the U.S. to cure cancer and to harness solar electricity. Both failed abjectly.

Critical issues for INTOR defined by the first phase of the study, published last year, include problems of plasma confinement, impurity control in the plasma, plasma heating, tritium production, magner engineering and testing, and—not least—cost.

The Culham Laboratory, in co-operation with other UKAEA laboratories, has carried out a short study for Euratom of one part of the INTOR reactor concept, to investigate the feasibility of concurrently generating electricity and breeding tritium.

'Guesstimates'

Dr Wüster, however, says he would be much happier if the twin tasks of burning and *breeding fuel* were explored in separate machines, which he estimates may cost about 30 per cent more than current "guesstimates" for the INTOR programme.

Dr Wüster says it is also important not to lose sight of the fact that INTOR will be closely approaching the commercial phase of fusion power, which he foresees arriving in the second quarter of the next century. All past experience, not only of nuclear energy, shows that nations begin to diverge sharply at this stage.

Europe has painstakingly taught itself how to work together; how to exploit international collaboration successfully. The U.S. is still at the stage of insisting upon dominating every project of which it is part.

Amercians find it incredible that a European country which is paying 25 per cent of the cost of a project may vote against something yet still pays up if the concensus is against it, because it has only one vote in 12 in the fusion programme.

On top of all this comes the U.S. record of inconsistency in its international nuclear policy over the past 10 years.

This inconsistency is making Europe very wary in its negotiations over the Fusion Materials Irradiation Test facility.

It needs to ensure for its scientists both a fair crack at the research programme from the time FMIT is ready, around the end of the 1980s, and also insurance against financial responsibility for a facility they have had no say in designing or building.

Does he believe that continents will eventually come together to finance and build INTOR?

"I would say yes, international collaboration is very desirable, but my private opinion is that it will be a bit slow in coming," says Dr Wüster.

David Fishlock

A unique machine

CONTINUED FROM PREVIOUS PAGE

hydrogen or deuterium —is driven through the confining magnetic field into the plasma.

The system was developed by an Anglo-French team drawn from the Culham Laboratory and Fontenay-aux-Roses. The two neutral beam injectors draw 60Mw of power, mostly to accelerate the beams. Each will provide 5 Mw of additional heating to the plasma.

Another powerful source of plasma heating, still to come, is by radio-frequency energy at *25-55 megahertz* from antennae set on the walls of the torus. Again the technology has been developed by JET's associated laboratories, notably Fontenay-aux-Roses.

About 30 Mw of radio-frequency power for this system is being installed by the JET engineers. Two W. German companies, Hersurth and Spinner, have secured the main sub-system contracts.

The machine uses a computerised control and data acquisition system (CODAS) to run the experiment. This can handle more than 10,000 digital and 1,500 analogue signals from the machine.

A network of 25 Norsk Data ND-100 and ND-500 minicomputers control and monitor the experiment, one for each major sub-system, leaving two computers for overall supervision. Experimental data is finally filed on the computers at Culham Laboratory. Pilkington provided over 15 km of fibre optic cabling for the communications to avoid interference by the machine's radiation.

Safety

Communications between the scientists and the machine during experiments include the use of touch-sensitive displays instead of buttons or knobs. A central interlock and safety system oversees the safety of machine operation and prevents power *pulses* being *delivered* to the machine if safety requirements have not been fulfilled.

Towards the end of the 1980s it is hoped that one further system for plasma heating will be introduced. Alpha-particle heating will involve the use of the radio-active gas tritium and is also expected to activate the machine itself, through fusion reactions and the high-energy neutrons they will produce.

For this reason the machine has been provided with a "hot" working area which will be equipped with remote servo-manipulators and robots. For the present, it is being put to good use as an assembly area for the neutral beam heating system.

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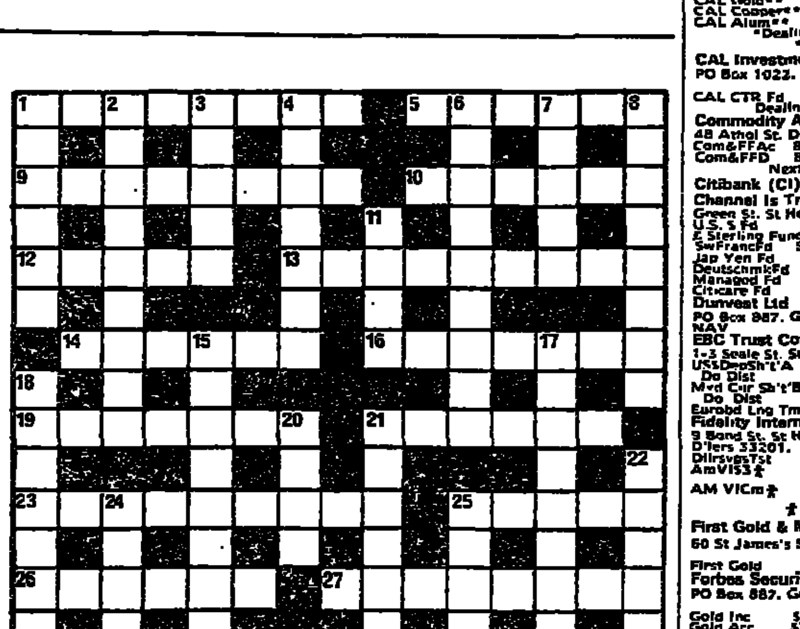
Far East Fd	125.6	132.1	....	—

F.T. CROSSWORD PUZZLE No. 5,274



ACROSS

1 Mocking bird with tips of tail blue or grey (8)
5 Apt to make jokes with no beginning, purely visual (6)
9 Clear advice to anyone tending a dirty knife-wound (5-3)
10 The continual round of wage increases? (6)
12 Is of a capital disposition (5)
13 Sharp falls in sweet production? (4, 5)
14 Assimilate the sailor's world? (6)
16 Beaten, due to no preparation (7)
19 Name one variety of flower (7)
21 A division of the church (6)
23 Pepys said it might be the result of unwise eating (9)
25 News broadcaster (5)
26 Dress I put on about spring (6)
27 A stirring march tune may be what weary walkers long for (8)
28 Pacific island festival (6)
29 A follower required here and there, perhaps (8)

DOWN

1 Break a hole in a wall (6)
2 Unusually fine story with a moral that defies description (9)
3 Girl puts lad in turmoil (5)
4 Fruit? Nonsense! (7)
6 Afrikaans is imitated in a barren part of India (4, 5)
7 Old ship under last bit of sail makes slow movement (5)
8 Very much like sauces (8)
11 He opposed Stalin and survived to write about it (4)
15 Reserved, but singularly partisan (2, 3, 4)
17 Possibly finding stone a bit unyielding (9)
18 Generous applause goes to a few (8)
20 Simple? Yes, with a new form (4)
21 Concerning cards wrongly marked (7)
22 Mount framing an artist in his element (6)
24 Turns up for bargains (5)
25 Hide away sound currency (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Black Horse Man. Fd.	233.37		...	—
Managed Inv. Fd.	154.86	165.12	...	—
Property Fd.	151.46	159.44	...	—
Fixed Interest Fd.	146.09	153.78	...	—
Cash Fd.	136.49	143.68	...	—
Income Fd.	168.36	177.23	...	—
Extra Income Fd.	160.75	169.22	...	—
Worldwide Growth Fd.	219.55	230.90	...	—
Balanced Fd.	167.80	176.64	...	—
Smlr Co's & Recy. Fd.	198.34	208.78	...	—
Int. Technology Fd.	250.82	264.03	...	—
Nth. Amer. & Gen. Fd.	157.88	166.19	...	—
Energy Int. Fd.	100.47	105.76	...	—
Pacific Basin Fund	135.41	142.54	...	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	112.4	118.3	+0.5	—
Property	113.1	119.0	+0.6	—
Equity	115.2	121.3	+2.2	—
International	125.7	131.8	+0.2	—
Fixed Interest	102.7	108.1	+0.6	—
Deposit	99.7	104.9	+0.1	—
Managed Pen. Cap.	112.4	118.4	+0.7	—
Property Pens. Cap.	113.5	119.4	+0.7	—
Equity Pens. Cap.	109.7	115.5	+1.7	—
Intnl. Pens. Cap.	128.9	135.7	+0.2	—
Fixed Int. Pens. Cap.	100.4	105.7	+0.8	—
Deposit Pens. Cap.	97.4	102.6	+0.1	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P Bar 51122

Equity Gth Nov 2	91.5		...	—
Rtmt. Fed. Aug 6	255.4		...	—
Managed Pen Fund	184.4	194.1	...	—
Property Pen Fund	114.5	120.5	...	—
Index Lnkd Pen Fund	113.4	119.4	...	—
Managed	121.7	128.2	+0.7	—
Property	104.2	109.7	...	—
Gilt and Fixed Interest	108.3	114.0	...	—
Index-Linked	98.6	103.8	-0.2	—
Equity	119.6	125.9	-0.1	—
Cash	104.2	109.7	...	—
Midland Bk. Unit Tst.	118.0	124.3	-0.1	—
Midland Bank Intnl.	139.0	146.4	+0.3	—

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

G.T. Plan Bond Fund	123.3	129.8	-0.1	—
GT Pln High Yld Fnd.	120.9	127.3	-1.1	—
GT Plan Far East Fnd	115.2	121.5	+1.5	—
GT Plan N. Am Fd.	136.8	144.0	+0.3	—
GT Pln UK&G.E. Fnd	135.4	142.6	-1.0	—
GT Pln Wrldwde Fnd	133.2	140.5	+0.7	—
GT Pension Bnd Fnd.	132.9	139.9	-0.1	—
GT Pen High Yld Fd.	136.8	144.0	-1.3	—
GT Pen Far East Fd.	140.3	147.7	+2.2	—
GT Pen N. Am. Fd.	198.1	208.6	+0.1	—
GT Pen UK & G.E. Fd.	156.7	165.0	-0.4	—
GT Pen Worldwide Fd.	141.7	149.2	+0.8	—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	166.9	175.71	...	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		251.5	+1.1	—
Portfolio Fd. Init.		207.1	+0.8	—

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat.

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd.	274.4	289.1	...	—
Money Fd.	155.6	164.0	...	—
Equity Fd.	232.6	245.2	...	—
Fixed Int. Fd.	119.5	125.9	...	—
Property Fd.	172.1	181.5	...	—
Managed Pen. Fd.	253.9	267.5	...	—
Equity Pension Fd.	179.8	189.5	...	—
Fixed Int. Pen. Fd.	166.5	175.4	...	—
High Yield Pen. Fd.	163.9	172.7	...	—
Money Pension Fd.	128.6	135.3	...	—
Property Pension Fd.	127.5	134.1	...	—
American & Gen. Fd.	255.8	269.5	+0.9	—
Income Fd.	184.5	194.4	-0.5	—
Int'l. Growth Fd.	271.9	286.5	+0.3	—
Capital Fund	194.6	205.0	+0.3	—
Recovery Fund	147.6	155.5	+0.6	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU. 01-377 1122

OFFSHORE AND OVERSEAS

NOTES

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
15Jul	15Ja	Funding 5½pc '82-84‡‡	99½	8.6	5.54	9.19
30Aug	20F	Exch. 11¼pc 1984	100½	14.7	11.21	9.14

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
10Ja	10Jy	Do 6¾pc '88-90	81½	10.6	8.53	11.28
1M.J.S.D.		Do. 3pc '20 Aft.	25xd	1.11	12.07	—
15Je	15D	Sunderland 12¼pc 1984	102⅝xd	15.11	11.94	9.53

COMMONWEALTH AND AFRICAN LOANS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1Ja	1Jy	N.Z. 7½pc 1988-92	83¼	1.6	8.95	10.65
15Je	15D	Do 7½pc '83-86	92½xd	15.11	8.14	11.09
—		S. Rhod. 2½pc Non-Ass.	180	—	—	—
10Mar	10Sept	Do 3½pc 80-85 Assd.	82	10.8	4.29	14.90
7F	7A	Do. 4½pc 87-92 Assd.	54	7.7	8.43	14.20
15Ap	15O	Zimbabwe Ann (£100pa)	340	15.9	—	15.70

LOANS

Public Board and Ind.

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1Ja	1Jy	Agric. Mt. 5pc '59-89	74½	1.6	6.88	11.72
1Mr	1S	Met. Wtr. 3pc 'B'	37	1.8	8.23	10.98

LOANS—continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, H.P. & LEASING

BANKS—Continued

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's	P/E
Nov.	May	Bank Scotland £1	607	3.10	†24.0	4.1	5.6	4.6
Apr.	Oct.	Barclays £1	487	15.8	†22.0	3.6	6.5	4.9
Jan.	July	Brown Shipley £1	315	20.6	7.75	—	3.6	—
Jan.	July	Cater Allen £1	410	6.6	†26.95	—	9.6	—
May	Nov	Charterhouse Gp.	104	19.9	♦s15.4	1.6	7.4	(18.5)
May	Nov.	Clive Dis'nt 20p	40	17.10	†3.2	—	11.4	—
May		Com'zbk DM 10	830	6.5	gv12%	—	5.1	—
March		C'hgn.Hbk.Kr100	£28½	22.3	vQ15%	—	8.7	—
Jan.	Apr.	Dawes (G. R.)	7	25.1	—	—	—	—
May		Deutsche Bank DM50	£77¼	19.5	v22%	—	3.5	—
May	Dec	English Assoc.	143	15.8	h2.73	3.8	2.7	13.7
June	Nov.	First Nat. 10p	62	974	—	—	—	4.9
—		Do. Wrrts. 75-83	1	—	—	—	—	—
—		♥First Pacific Fin	13	—	Q8c	2.3	5.2	8.6
—		♥Do. Hldgs.	36	—	Q28c	1.1	6.5	14.0
June	Dec.	Gerrard Natnl.	248	31.10	h10.0	—	5.8	—
April		Goode D't Mry.5p	51	21.2	1.0	—	2.8	—
Nov.	April	Grindlays	138	3.10	4.38	3.0	4.5	10.5
Mar.	Nov.	Guinness Peat	53	28.9	8—	—	—	—
Dec.	July	Hambros 5p	134	4.7	5.28	—	5.6	—
Dec.	July	Hill Samuel	287xd	14.11	†9.1	—	4.5	—
Mar	Oct	Hong Shng.$2.50	60	9.7	†Q55c	—	7.7	—
June	Nov.	Jessel Toyn. & Gillett	67	31.10	†5.5	—	11.7	—
Jan.	June	Joseph (Leo) £1	278	15.8	11.25	—	5.8	—

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

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INDUSTRIALS—Continued

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Jan July	Johnston Grp 10p	240xd	14.11	6.0	5.0	3.6	8.0
Oct June	Jourdan (T.) 10p	94	1.8	5.6	1.2	8.5	13.0
May Dec.	Kalamazoo 10p	52	31.10	3.33	♦	9.2	♦
November	Keen & Scott Hldgs	50	5.9	M1.0	—	2.1	—
Mar May	Keep Trust 5p	12	20.9	‡0.15	—	‡	—
Feb. July	Kelsey Inds.	185	6.6	8.0	1.7	6.2	12.7
Nov. April	Kershaw (A.) 5p	145	19.9	‡15.0	0.6	‡	(21.0)
Jan. Aug.	Kleen-E-Ze Hldgs.	69	18.7	3.0	0.5	6.2	—
Jan. Aug.	L.C.P. Hlds.	84	20.6	3.6	1.5	6.3	(12.7)
Jan July	LDH Group	26	6.80	—	—	—	♦
Oct. April	L.R.C. Int. 10p	114	1.8	‡h2.95	2.6	3.7	12.7
July-Dec	Lamont Hldgs. 10p	32	31.10	‡1.3	1.8	5.8	12.6
Dec. May	Lawtex	40	11.81	—	—	—	♦
Mar. Oct.	Lep Group 10p	440	4.7	17.5	0.3	5.7	64.4
Oct. July	Lilleshall 10p	42	9.5	d1.8	—	3.4	—
Jan Oct	Lon. & Liv. 10p	48	23.5	h2.75	3.1	9.9	3.6
Jan. Sept.	London & Midl'd.	110	15.8	7.75	1.1	10.1	12.3
Jul. Dec.	Lon. & Nthn. Grp.	71xd	14.11	F4.2	2.0	8.4	18.0
—	Lon. Priv. Health	26	—	—	—	—	13.8
Mar Oct	Longton Inds.	60	5.9	1.0	—	2.4	—
June Nov	Low & Bonar 50p	112	17.10	‡5.0	2.8	6.4	(6.3)
—	MCD Group	45	—	u1.0	2.2	3.2	20.5
—	MMT Computing 5p	92	—	b1.68	2.6	2.6	21.4
June Dec.	M.Y. Dart. 10p	22	31.10	20.25	—	1.6	—
May Sept.	McC'rthy Ph. 20p	144	15.8	7.0	2.7	6.9	6.8
Oct. May	Macfarlane Gp.	132	19.9	‡3.52	2.1	3.8	16.1
July Nov.	Maclellan 20p	34	3.10	d2.5	1.6	6.3	12.2
Aug. Mar.	Macpherson (D.)	31	18.7	4.2	0.6	19.4	(10.5)
Oct. Apr.	Magnolia Group	54	19.9	2.3	3.2	6.1	6.3
Apr. Oct.	Man. Ship Can. £1	142	9.80	3.5	6.8	3.6	4.3
Oct Apr	Marley	73	15.8	‡2.5	0.5	4.9	(48.9)
Feb. Oct.	Marling Ind. 10p	41½	1.8	1.08	1.7	3.7	(18.7)
Dec. Jun.	Marshall L'sy. 'A'	26	4.10	‡1.2	—	‡	—
Jan. July	Marshall's Univ	54	6.12	E—	—	—	146.5
Nov May	Martin-Black	29	5.79	—	—	—	—
—	Mathesons 7¾%	£97	30.6	Q7¾%	2.3	18.2	—
Jan. June	Metal Box £1	270	20.6	11.55	1.8	6.1	(18.0)
Nov. June	Metal Closures	128	19.9	5.7	1.8	6.4	(13.3)

LEISURE—Continued

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Jan. July	Black & Edgtn.	78	4.82	♦	—	—	20.6
May Nov.	Boosey & Hawkes	158	31.10	‡2.3	1.5	2.1	(39.8)
Mar. Nov.	Campari Int. 20p	38	17.10	‡d2.73	1.2	‡	(10.3)
—	Central TV N/Vtg 50p	168	—	—	—	—	—
Feb. June	Fairline Boats 10p	36	20.6	‡d1.0	—	4.0	—
—	GRA Group 5p	48½	—	—	—	—	52.0
Jan-July	Grampian TVA 10p	68	25.4	‡3.6	2.9	7.7	5.5
May Oct.	HTV Non-Vtg.	186	1.10	11.0	2.2	8.4	7.8
May Oct.	Horizon	127	5.9	‡3.6	5.7	4.0	5.5
Jan Aug	Intasun 10p	143	18.7	4.0	4.5	4.0	6.5
May	Intervision Video 10p	26xd	14.11	1.0	♦	4.0	♦
June-Dec	Juliana's Hldgs 2p	370	17.10	b4.9	2.4	1.9	26.9
Jan-April	LWT "A"	178xd	14.11	11.08	♦	8.9	♦
Jan Jul	Leisuretime Int 10p	55	19.9	g1.54	♦	4.5	♦
June Jan.	Mngmt. Ag. M. 10p	111	6.6	8.75	1.6	11.3	8.0
Apr. Dec.	Medminster 10p	70	31.10	4.4	♦	9.0	♦
October	Miss World Grp 10p	158	5.9	b3.0	2.5	2.6	23.0
—	Nationwide 5p	20	—	—	—	—	—
—	Nimslo Int 20c	33	—	—	—	—	—
Jan. Sept.	Norton Opax 10p	113	1.8	t2.17	4.3	2.7	8.1
July	Owners Abroad	27	11.4	0.5	4.5	2.6	12.1
June Nov	Photax (Lon.)	38	4.82	—	—	—	—
—	[illegible] 10p	108xd	14.11	G1.5	♦	2.1	♦
Sept. Apr.	Pleasurama 5p	350	1.8	t5.75	4.5	2.3	20.9
Feb-July	Radio City 'A' N/V	140	23.5	g6.6	1.6	5.8	15.0
July Jan	Riley Leisure 10p	178	31.10	‡3.95	1.7	3.2	24.8
Apr. Nov.	Saga Hols. 20p	185	11.4	d3.73	—	5.1	—
April	Samuelson Grp £1	390	21.2	td12.0	2.8	4.5	13.4
Dec May	Scott. TV 'A' 10p	118	17.10	7.35	2.2	9.5	6.7
—	SelecTV 10p	42	—	—	—	—	—
May Nov	TSW 5p	21½	31.10	1.2	♦	8.0	♦
—	TVS N/Vtg 10p	77	—	—	—	—	42.4
—	Television Servs 2p	28	—	b0.2	3.3	1.4	30.8
Oct. Apr	Trid'nt TV 'A' 10p	120	18.7	‡4.26	1.4	5.1	20.6
—	21st Century Dist.	120	—	—	—	—	—
April Sept	Webb (Jos.) 5p	17	15.8	d0.51	0.5	4.3	—
Apr. Nov.	Zetters 5p	79	19.9	3.10	2.9	5.6	8.7

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

Australians

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—	♥ACM 20c	18½	—	—	—	—
—	Allstate Expln NL	40	—	—	—	—
—	♥Australis Mng. NL	25½	—	—	—	—
—	Balmoral Resources	15	—	—	—	—
—	♥Black Hill Mins.	37	—	—	—	—
—	♥Bond Corp.	78	—	Q10c	♦	8.2
Nov. Apr.	♥Bougainville 1 Kna	147	11.3	mQ3.21	1.2	14
May Nov	♥CRA 50c	338	11.3	tQ3c	—	0.5
—	♥Carr Boyd 20c	70	—	—	—	—
—	♥Central Kalgoorlie	31	—	—	—	—
—	♥Central Pacific	24	—	—	—	—
—	♥Cons Gold Mng Areas	3¾	—	—	—	—
—	♥Coopers Res N.L.	8½	—	—	—	—
—	♥Crusader Oil	220	—	—	—	—
—	♥Cultus Pac NL	18	—	—	—	—
—	♥Eagle Corp 10c	11	5.9	—	—	—
—	♥Emperor Mines	174	—	—	—	—
—	♥Endeavour 20c	8½	—	—	—	—
—	♥Enterprise Gld Mines	25½	—	—	—	—
Apr Oct	♥GM Kalgoorlie 25c.	560	28.9	bQ10c	♦	1.1
—	♥Sons of Gwalia N.L.	40½	—	—	—	—
—	♥Sthn. Goldfields	16	—	—	—	—
—	♥Southern Pacific	11½	—	—	—	—
—	♥Southern Ventures 25c	7¾	—	♦	—	—
—	♥Swan Res 20c	22	—	—	—	—
—	♥Tunax Res N.L.	95	—	—	—	—
—	♥United Goldfields	36	—	—	—	—
—	♥West Coast 25c.	11	—	—	—	—
—	♥Western Cont. 50c	14½	—	—	—	—
Oct. May	Westn. Mining 50c	230	3.10	Q2c	7.6	0.5
—	♥Whim Creek 20c	162	—	—	—	—
—	♥York Resources	29	—	—	—	—

Tins

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
Apr. Nov.	Ayer Hitam $M1	195	21.3	vQ85c	♦	13.2
Feb July	Geevor	120	6.80	—	—	—
November	Gold & Base 12½p	11	10.74	—	—	—
Jul Jan Apr	Gopeng Cons.	375	25.4	‡20.0	1.4	7.6
Mar Aug	Hongkong	575	6.81	21.0	♦	5.2
July	Jantar 12½p	15	6.6	1.5	0.2	14.3
Jan Sept	Kamunting $M0.50	195	7.12	vQ27½c	0.8	4.0
Dec Aug	Malaysia Mng. 10c	66	31.10	vQ11c	0.9	‡
—	♥Pahang	43	27.11	—	—	—
July	Pengkalen 10p	500	11.4	1.0	—	0.3
June. Jan.	Petaling $M1	290	17.10	vQ70c	1.3	6.9
Jan Sept	Sungei Besi $M1	210	5.9	vQ85c	1.1	‡
—	♥Supreme Corp M$1	47	9.74	vQ3½c	♦	2.3
Mar July	Tanjong 15p	115	6.81	g3.5	—	4.3
Sept. Mar.	♥Tongkah H. Tin $M1	117	21.5	vQ5c	♦	1.2
Oct. June	Tronoh $M1	245	3.10	vQ90c	1.1	10.4

Miscellaneous

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—	Admiral Mines	25	—	—	—	—
—	♥Anglo-Dominion	70	—	—	—	—
—	♥Anglo Utd. Dev.	63	—	—	—	—
—	♥Colby Res Corp.	110	—	—	—	—
Aug. Feb.	Cons. Murch. 10c.	550	4.7	‡Q60c	1.9	‡
Sept Feb	Hampton Areas 10p	190	18.7	3.75	2.1	2.6
—	♥Highwood Res.	135	—	—	—	—
May Aug	Homestake Mining $1	£18¾	2.11	Q20c	—	0.7
October	Northgate C$1	290	9.77	—	—	—
Jan. July	R.T.Z.	562	31.10	t17.0	2.9	4.3
Jan July	Do. 9½% Cv. Ln. '95-2000	£126	31.10	Q9½%	32.5	17.8
—	♥Sabina Inds C$1	65	—	—	—	—
—	♥Tara Expln $1	738	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Principal and interest tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- ¢ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	62	.....	Fin. 13% 97/02	£96¼	+¼
Bog'wtr. Est. 50p	300	.....	Alliance Gas	66	.....
Craig & Rose £1	£10½	.....	Arnott	207xd	+2
Finlay Pkg. 5p	37	+1	Carroll (P.J.)	99	.....
Higsons Brew.	85	.....	Concrete Prods.	80	.....
Holt (Jos.) 25p	900	.....	Heiton (Hldgs.)	16	+1
I.O.M. Stm. £1	127	.....	Irish Ropes	34½	.....
IRISH			Jacob	55xd	−2
Exch. 12% 1985	£99⅝	.....	T.M.G.	85	.....
Nat 9¾% 84/89	£89¼	+¼	Unidare	75	.....

OPTIONS

3-month Call Rates

Industrials					
		House of Fraser	20	Utd. Drapery	22
Allied Lyons	13	I.C.I.	45	Vickers	12
BOC Grp.	20	"Imps"	11	Woolworth Hld.	30
B.S.R.	20	I.C.L.	7		
Babcock	15	Ladbroke	22	**Property**	
Barclays Bank	45	Legal & Gen.	45	Brit. Land	8½
Beecham	32	Lex Service	32	Cap. Counties	14
Blue Circle	45	Lloyds Bank	40	Land Sec.	28
Boots	16	"Lofs"	4	MEPC	20
Bowaters	22	London Brick	10	Peachey	16
Brit. Aerospace	19	Lucas Inds.	15	Samuel Props.	11
B.A.T.	14	"Mams"	14	Town & City	4
Brown (J.)	3½	Mrks. & Spncr	20		
Burton Ord.	35	Midland Bank	40	**Oils**	
Cadburys	11	N.E.I.	10	Brit. Petroleum	38
Courtaulds	10	Nat. West. Bank	55	Burmah Oil	17
Debenhams	14	P & O Dfd.	21	Charterhall	9
Distillers	20	Plessey	19	KCA	6
Dunlop	6	Racal Elect.	20	Premier	6
Eagle Star	45	R.H.M.	7	Shell	55
F.N.F.C.	5½	Rank Org. Ord.	20	Tricentrol	22
Gen. Accident	42	Reed Intnl.	32	Ultramar	65
Gen. Electric	18	Sears	8		
Glaxo	75	T.I.	13	**Mines**	
Grand Met.	30	Tesco	17	Charter Cons.	28
G.U.S. 'A'	50	Thorn EMI	55	Cons. Gold	58
Guardian	45	Trusthouse	16	Lonrho	9
G.K.N.	16	Turner & Newall	7	Rio T. Zinc	62
Hawker Sidd	28	Unilever	70		

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar threatens a breakthrough

BY COLIN MILLHAM

The dollar broke through its previous record levels against several currencies last week, and threatened the 10-year high against the D-mark touched in August, but there was never quite enough conviction in the foreign exchanges to really attack this untouched ground.

Volume of trading did not appear sufficient to worry the Bundesbank unduly, but the German authorities failed to prevent the dollar breaking through the DM 2.70 level on Friday, where any further advance was expected to meet strong resistance from the central bank.

Intervention by the Bundesbank was never particularly heavy, and when the authorities bought a mere $250,000 at the Frankfurt fixing on Thursday, this was obviously a signal of intent rather than a serious attempt to support the D-mark.

A rise by the dollar against European currencies at a time when the Japanese Government has agreed to bring about a realistic exchange rate level between the dollar and the yen, meant that the yen climbed against the D-mark. The Bank of Japan has also made its presence felt in the market, keeping the yen/dollar rate steady, and thus pushing the yen/D-mark rate to record levels.

No new factors lent support to the dollar, but the present interest rate picture and the war in the Lebanon pushed the U.S. currency to records against the Italian lira, French franc and Belgian franc.

Sterling drifted lower against the dollar, to finish the week at the lowest level since March, but remained firm against Continentals in dull trading. The trade-weighted index hovered around the 84 level for most of the week, only falling to 83.6 at the last calculation on Friday.

The Chancellor of the Exchequer's autumn statement contained few surprises, but may have provided some help for the pound by indicating that London interest rates are likely to remain steady for some time, while underlining the Government's determination to fight inflation.

Continued dollar strength attracted most attention within the European Monetary Systme last week. The U.S. unit touched record highs against the French and Belgian francs as well as the Italian lira. It was also at a three-month high against the D-mark and the depressed state of the latter helped to relieve pressure on the weaker members of the system. The Belgian franc was again at the bottom of the EMS but managed to hold steady with the help of further central bank intervention. Trading was a little subdued with some financial centres closed for public holidays.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 18	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	46.0177	+2.49	+1.76	±1.5447
Danish Krone ...	8.14104	8.16147	+0.25	−0.49	±1.6425
German D-Mark	2.24184	2.26472	+1.02	+0.28	±1.0642
French Franc ...	6.87456	6.88906	+0.21	−0.53	±1.4052
Dutch Guilder ...	2.52595	2.53726	+0.45	−0.29	±1.4964
Irish Punt	0.72569	0.727478	+0.25	−0.49	±1.6698
Italian Lira	1403.49	1371.51	−2.28	−2.28	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 month	6 month	12 month
Dollar	1.4700	1.4707	1.4727	1.4758	1.4815
D-Mark	3.98	3.9694	3.9485	3.9184	3.8612
French Franc	12.0925	12.1236	12.2074	12.3661	12.6544
Swiss Franc	3.2175	3.2024	3.1768	3.1399	3.0636
Japanese Yen	347.25	346.4	344.9	342.4	337.6

BANK OF ENGLAND TREASURY BILL TENDER

	Nov. 18	Nov. 11		Nov. 18	Nov. 11
Bills on offer	£100m	£100m	Top accepted rate of discount	8.8643%	8.8242%
Total of applications	£365.91m	£463.5m	Average rate of discount	8.8631%	8.8130%
Total allocated	£100m	£100m	Average yield	9.06%	9.01%
Minimum accepted bid	£97.79	£97.80	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	41%	29%			

OTHER CURRENCIES

Nov. 18	£	$		£ Note Rates
Argentina Peso	26.10-26.17	17.767-17.787	Austria	27.90-28.20
Australia Dollar	1.6005-1.6025	1.0895-1.0900	Belgium	81.05-81.85
Brazil Cruzeiro	1,271.5-1,278.3	865-869	Denmark	14.30-14.44
Finland Markka	8.4790-8.5055	5.7700-5.7750	France	12.08-12.20
Greek Drachma	141.90-142.50	96.60-96.70	Germany	3.97-4.01
Hong Kong Dollar	11.48-11.49	7.8155-7.8175	Italy	2395-2425
Iran Rial	129.70*	87.40*	Japan	348-353
Kuwait Dinar (KD)	0.4292-0.4298	0.29218-0.29228	Netherlands	4.44¼-4.48¾
Luxembourg Fr.	80.70-80.80	54.94-54.96	Norway	11.02-11.12
Malaysia Dollar	3.44-3.45	2.3420-2.3440	Portugal	191-201
New Zealand Dlr.	2.2315-2.2366	1.5185-1.5210	Spain	224-239
Saudi Arab. Riyal	5.1135-5.1180	3.4800-3.4805	Sweden	11.68-11.78
Singapore Dollar	3.1275-3.1375	2.1315-2.1335	Switzerland	3.21¼-3.24¼
Sth. African Rand	1.7550-1.7655	1.1940-1.2010	United States	1.46-1.48
U.A.E. Dirham	5.3960-5.4015	3.6730-3.6750	Yugoslavia	205-217

* Selling rates.

THE DOLLAR SPOT AND FORWARD

Nov 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4695-1.4805	1.4695-1.4705	0.04-0.09c dis	−0.53	0.24-0.29dis	−0.72
Ireland†	1.1510-1.1570	1.1520-1.1530	0.24-0.21c pm	2.34	0.66-0.58 pm	2.16
Canada	1.2370-1.2382	1.2375-1.2380	0.04-0.02c pm	0.29	0.16-0.14 pm	0.48
Nethlnd.	3.0180-3.0290	3.0270-3.0290	0.92-0.82c pm	3.45	2.74-2.64 pm	3.55
Belgium	54.75-54.96	54.94-54.96	4-2½c pm	0.71	6½-4 pm	0.38
Denmark	9.7065-9.7500	9.7425-9.7475	¾-1¼ore dis	−0.62	¼-¾ dis	−0.20
W. Ger.	2.6910-2.7075	2.7055-2.7065	0.85-0.80pf pm	3.65	2.57-2.52 pm	3.77
Portugal	127.90-128.40	128.10-128.40	80-225c dis	−14.27	300-675dis	−15.21
Spain	154.85-155.30	155.20-155.30	120-145c dis	−10.25	410-460dis	−11.22
Italy	1,632½-1,636	1,634½-1,635½	9¾-9¾ lire dis	−6.97	28¾-29½dis	−7.13
Norway	7.4790-7.4960	7.4910-7.4960	2.20-2.50ore dis	−3.77	5.80-6.10dis	−3.18
France	8.1975-8.2325	8.2250-8.2300	1.75-1.90c dis	−2.66	6.20-6.60dis	−3.12
Sweden	7.9330-7.9510	7.9450-7.9500	1.55-1.75ore dis	−2.49	3.50-3.70dis	−1.81
Japan	235.50-236.50	236.05-236.15	0.68-0.64y pm	3.35	2.05-2.00 pm	3.43
Austria	18.94-19.03	19.01-19.02	6.20-5.40gro pm	3.66	19¾-16¾ pm	3.74
Switz.	2.1700-2.1890	2.1870-2.1880	1.14-1.10c pm	6.14	3.14-3.10 pm	5.70

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 55.22-55.27.

THE POUND SPOT AND FORWARD

Nov 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4685-1.4805	1.4695-1.4705	0.04-0.09c dis	−0.53	0.24-0.29dis	−0.72
Canada	1.8175-1.8325	1.8190-1.8200	par-0.10c dis	−0.33	0.08-0.18dis	−0.28
Nethlnd.	4.44½-4.47½	4.44¾-4.45¾	1¼-⅞c pm	3.03	3½-3 pm	2.92
Belgium	80.60-81.15	80.70-80.80	6c pm-4 dis	0.15	2-12 dis	−0.35
Denmark	14.30½-14.37½	14.32-14.33	¾-1¾ore dis	−1.05	2.60-3.75dis	−0.89
Ireland	1.2750-1.2820	1.2760-1.2770	0.25-0.32p dis	−2.68	0.85-1.00dis	−2.90
W. Ger.	3.95¾-3.99¾	3.97½-3.98½	1¼-¾pf pm	3.01	3½-2¾ pm	3.01
Portugal	187.75-189.75	188.25-188.75	150-370c dis	−16.55	500-1060dis	−16.55
Spain	227.75-229.75	228.00-228.25	215-265c dis	−12.62	700-780dis	−12.97
Italy	2,401-2,418	2,402-2,404	13¼-15¾ lire dis	−7.12	46-48 dis	−7.74
Norway	11.00-11.08	11.01-11.02	3.55-4.20ore dis	−4.22	10.25-11.00d	−3.86
France	12.07½-12.13½	12.08¾-12.09¾	2¾-3¾c dis	−3.22	11-12½ dis	−3.89
Sweden	11.67-11.75	11.67¾-11.68¾	2.60-3.15ore dis	−2.95	7.00-7.60dis	−2.50
Japan	346½-349½	346¾-347¾	0.85-0.75y pm	2.76	2.50-2.35 pm	2.79
Austria	27.90-28.12	27.97-28.02	8-6¾gro pm	3.08	21⅞-18⅞ pm	2.86
Switz.	3.20½-3.23½	3.21¾-3.22¾	1¾-1¼c pm	5.59	4¾-3¾ pm	4.97

Belgian rate is for convertible francs. Financial franc 81.15-81.25. Six-month forward dollar 0.55-0.60c dis, 12-month 1.10-1.20c dis.

CURRENCY RATES

Nov. 18	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.709926	0.568519
U.S. $	8½	1.04998	0.839874
Canadian $	9.60	*	1.03926
Austria Sch	3¾	19.9297	15.9324
Belgian F	9	57.5284	46.0177
Danish Kr.	7	10.2000	8.16147
D mark	4	2.83159	2.26472
Guilder	5	3.17146	2.53726
French F.	9½	8.61351	6.88906
Lira	17	1714.62	1371.51
Yen	5	247.585	198.084
Norwgn Kr.	8	7.85700	6.28267
Spanish Pta	—	162.705	130.136
Swedish Kr	8½	8.33159	6.66584
Swiss Fr.	4	2.28843	1.83134
Greek Dr'ch	20½	101.601	81.1066

* C$/SDR rate for Nov 17 1.30012.

CURRENCY MOVEMENTS

Nov. 18	Bank of England Index	Morgan Guaranty Changes%
Sterling	83.6	−7.2
U.S. dollar	128.7	+16.9
Canadian dollar	92.3	+0.9
Austrian schilling	115.4	+3.4
Belgian franc	90.0	−11.7
Danish kroner	79.2	−5.3
Deutsche mark	125.1	+6.8
Swiss franc	150.1	+12.5
Guilder	115.3	+4.3
French franc	66.7	−15.0
Lira	49.4	−11.6
Yen	153.1	+10.5

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

EXCHANGE CROSS RATES

Nov. 18	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.470	3.980	347.3	12.093	3.218	4.453	2403.	1.820	80.78
U.S. Dollar	0.680	1.	2.707	236.2	8.226	2.189	3.029	1635.	1.238	54.95
Deutschemark	0.251	0.369	1.	87.25	3.038	0.808	1.119	603.8	0.457	20.29
Japanese Yen 1,000	2.880	4.233	11.46	1000.	34.82	9.266	12.82	6920.	5.240	232.6
French Franc 10	0.827	1.216	3.291	287.2	10.	2.661	3.682	1987.	1.505	66.78
Swiss Franc	0.311	0.457	1.237	107.9	3.758	1.	1.384	746.9	0.566	25.10
Dutch Guilder	0.225	0.330	0.894	77.99	2.716	0.723	1.	539.7	0.409	18.14
Italian Lira 1,000	0.416	0.612	1.656	144.5	5.032	1.339	1.853	1000.	0.757	33.60
Canadian Dollar	0.550	0.808	2.187	190.8	6.646	1.768	2.447	1321.	1.	44.38
Belgian Franc 100	1.238	1.820	4.929	430.0	14.98	3.985	5.514	2976.	2.253	100.

MONEY MARKETS

Prospects have not improved

Prospects for lower interest rates have not improved lately. Even a much larger than expected fall in U.S. M1 money supply announced last Monday failed to encourage any optimism, despite the fact that this narrowly based money supply figure had fallen below the Federal Reserve's target range.

Wider based M2 and M3 remained much nearer the top of their ranges, and the better trend in M1 was also expected to be short lived.

Financial markets are now anticipating a bulge in M1 over the next few weeks, and are also facing up to a heavy Treasury funding programme which is bound to follow the eventual passing of the debt ceiling bill through Congress.

In London interest rates were little changed following the Chancellor's autumn statement, while this also reflected trends in the U.S., British Government policy of controlling inflation and cutting back on public spending only underlined a growing conviction that the authorities are not looking for lower clearing bank base rates in the near future.

The London money market remained very quiet last week. Trading was almost completely in the doldrums, with interest rates showing no movement from one day to the next.

In Frankfurt call money was at 5.55 per cent throughout, as nervousness about the rescue of SMH bank faded into the background. The Bundesbank central council met on Thursday, and as expected left key interest rates unchanged.

In Paris call money was rather volatile, moving between 12 per cent and 12¼ per cent, while the Bank of France intervened to buy FFr 6bn of first category paper at an unchanged rate of 12¼ per cent.

In Amsterdam overnight funds ranged up towards 6 per cent despite moves by the Dutch Central Bank to assist liquidity in the domestic money market. The authorities raised the market's credit quota to Fl 6.2bn from Fl 5.5bn for the period from last Thursday until February 15, and also provided a special advance of Fl 3.553bn from the same day until November 30, at an interest rate of 5.75 per cent, compared with the normal quota rate of 5.5 per cent.

LONDON MONEY RATES

Nov. 18 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	5-9¼	9-9⅛	—	—	9⅛-9¼	7½-9⅛	—	—	—
2 days notice	—	—	9-9⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	9-9¼	9-9⅛	—	—	—	—	—	—	—
One month	9¼-9 3/16	9 5/16-9 3/16	9⅛	9⅝-9⅜	9¼	9⅝	9-9⅛	—	9 1/32	9 11/32
Two months	9¼-9 3/16	9 5/16-9 3/16	9¼	9⅝-9⅜	9¼	9½	9	9 1/32	8 29/32	9 9/32
Three months	9¼-9 3/16	9¼-9⅜	9¼	9⅝-9⅜	9⅜	9⅝	9	8 29/32-8 27/32	8⅞	9⅛
Six months	9 5/16-9¼	9⅜-9½	9⅜	9½-9⅛	9½	9⅝	9	8 27/32-8⅞	8⅞	9⅛
Nine months	9½-9 13/32	9 7/16-9 11/16	9 7/16	9¾-9⅛	9⅝	—	—	—	—	—
One year	9½-9 7/16	9 11/16-9 13/16	9 7/16	9¾-9½	9¾	—	—	—	—	—
Two years	—	—	10⅜	—	—	—	—	—	—	—

ECGD Fixed Rate Export Scheme IV. Average rate for interest period October 5 to November 1 1983 (inclusive) 9.393 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 10¾ per cent; four years 11 per cent; five years 11⅛ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four months' bank bills 8 27/32 per cent; four months' trade bills 9 13/32 per cent.

Approximate selling rate for one-month Treasury bills 9 per cent; two months 8 29/32 per cent and three months 8 29/32 per cent; one month bank bills 9 per cent; two months 8 29/32 per cent and three months 8 27/32 per cent; one month trade bills 9 11/32 per cent; two months 9 11/32 per cent and three months 9¼ per cent.

Finance House Base Rate (published by the Finance Houses Association): 10 per cent from November 1 1983. London and Scottish Clearing Bank Rates for lending: 9 per cent. London Deposit Rates for sums at seven days' notice: 5½ per cent.

Treasury Bills: Average tender rates of discount 8.8631 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9½ per cent; one-three months 9¾ per cent; three-six months 9¾ per cent; six-12 months 10 per cent. Under £100,000 9¼ per cent from October 6. Deposits held under Series 4-5 10 per cent. The rate for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	9¼
Treasury bills (13-week)	8.83
Treasury bills (26-week)	8.99

GERMANY

Lombard	5.5
Overnight rate	5.55
One month	5.725
Three months	6.30
Six months	6.35

FRANCE

Intervention rate	12.25
Overnight rate	12.625
One month	12.3125
Three months	12.375
Six months	12.4375

JAPAN

Discount rate	5
Call (unconditional)	5.90625
Bill discount (3-month)	6.34375

SWITZERLAND

Discount rate	4
Overnight rate	1-1½
One month	3 5/16-3 7/16
Three months	4 1/16-4 3/16

NETHERLANDS

Discount rate	5
Overnight rate	5¾-5⅞
One month	6-6½
Three months	6¼-6⅜
Six months	6¼-6½

$ CERTIFICATES OF DEPOSIT

One month	9.55-9.65
Three months	9.7-9.8
Six months	9.85-9.95
One year	10.1-10.3

LONG TERM EURO $

Two years	11⅛-11⅜
Three years	11½-11¾
Four years	11⅞-12⅛
Five years	12⅛-12⅜

SDR LINKED DEPOSITS

One month	8½-8⅞
Three months	8⅞-9¼
Six months	9 1/16-9 7/16
One year	9 5/16-9 11/16

ECU LINKED DEPOSITS

One month	8 7/16-8 11/16
Three months	8 13/16-9 3/16
Six months	9¼-9⅝
One year	9⅝-10

EURO-CURRENCY INTEREST RATES
(Market closing rates)

Nov. 18	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	8-9⅛	9 1/16-9 3/16	9 3/16-9¼	9 3/16-9⅜	9⅞-9½	9 11/16-9⅝
U.S. Dollar	9¼-9½	9⅜-9⅝	9 7/16-9 9/16	9 13/16-10 1/16	9 13/16-10 1/16	10 3/16-10 5/16
Can. Dollar	9-9¼	9-9½	9⅛-9⅜	9⅜-9⅝	9⅛-9⅜	9¾-10
D. Guilder	5⅞-6	5⅞-6	6 1/16-6 3/16	6¼-6⅜	6 5/16-6 7/16	6 7/16-6 11/16
S. Franc	⅞-1	1⅛-1¼	3 5/16-3⅜	4 3/16-4¼	4¼-4⅜	4⅜-4½
Deutschem'rk	5⅛-5⅜	5¼-5 7/16	5¾-5⅞	6 1/16-6 3/16	6 5/16-6 7/16	6 5/16-6 7/16
Fr'nch Franc	12-12¼	12⅛-12⅜	12 11/16-13 1/16	12⅞-13⅛	13 15/16-14 1/16	14⅜-14⅝
Italian Lira	16¼-17	16⅛-17⅛	16-16⅞	16⅞-17⅜	17¾-18¼	18⅜-19
Belg. Franc Conv.	9-9¼	8¾-9¼	8¾-9¼	9¼-9⅜	9¾-10¼	10-10½
Fin.	9-9½	8¾-9¼	8⅞-9⅛	9¼-9⅜	9¾-10	10⅛-10⅜
Yen	5⅞-6	6-6⅛	6⅛-6¼	6⅜-6½	6⅜-6½	6⅜-6⅝
D. Krone	7-7½	9⅞-10⅜	10½-11	10⅞-11⅜	11⅛-11⅝	11¼-11¾
Asia $ (Sing.)	9 1/16-9 3/16	9½-9⅝	9½-9⅝	9⅞-10	10-10⅛	10 1/16-10 3/16

FT LONDON INTERBANK FIXING
11.00 a.m. NOVEMBER 18

3 month U.S. dollars		6 month U.S. dollars	
bid 9 7/8	offer 10	bid 10 1/16	offer 10 3

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	90.18	90.18	90.14	90.17
March	89.74	89.76	89.73	89.78
June	89.44	89.44	89.42	89.44
Sept	89.17	89.18	89.16	89.17
Dec	88.88	—	—	88.88

Volume 1,633 (2,628)
Previous day's open int. 8,532 (8,213)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Dec	90.86	90.86	90.81	90.85
March	90.52	90.56	90.48	90.56
June	90.29	90.29	90.25	90.30
Sept	89.86	89.90	89.86	89.95
Dec	89.66	—	—	89.75

Volume 506 (1,942)
Previous day's open int. 5,186 (5,422)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	109-17	109-27	109-00	109-15
March	109-00	109-05	108-27	108-29
June	108-19	—	—	108-16
Sept	108-08	—	—	108-03
Dec	107-25	—	—	107-22

Volume 3,493 (3,612)
Previous day's open int. 4,086 (3,852)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 4 to 12 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.4710	1.4790	1.4700	1.4797
March	1.4735	1.4822	1.4733	1.4825
June	1.4785	1.4850	1.4765	1.4856

Volume 1,052 (1,182)
Previous day's open int. 2,732 (2,424)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3707	0.3719	0.3701	0.3724
March	0.3742	—	—	0.3760
June	0.3775	—	—	0.3793

Volume 109 (95)
Previous day's open int. 356 (362)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.4586	0.4605	0.4585	0.4613
March	0.4665	—	—	0.4681
June	0.4720	—	—	0.4746

Volume 71 (3)
Previous day's open int. 130 (129)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4247	0.4251	0.4242	0.4255
March	0.4284	—	—	0.4291
June	0.4319	—	—	0.4326

Volume 10 (20)
Previous day's open int. 167 (164)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	70-24	70-29	70-19	70-27
March	70-06	70-10	70-01	70-09
June	69-22	69-24	69-17	69-24
Sept	69-07	69-09	69-04	69-09
Dec	68-26	68-28	68-21	68-28
March	68-15	68-15	68-11	68-15
June	68-05	68-05	68-01	68-06
Sept	67-28	67-28	67-25	67-29
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Close	High	Low	Prev
Dec	91.02	91.03	90.97	91.02
March	90.60	90.62	90.57	90.60
June	90.28	90.31	90.26	90.28
Sept	90.02	90.06	90.00	90.03
Dec	89.80	89.83	89.78	89.81
March	89.61	89.60	89.60	89.61
June	89.41	—	89.40	89.47
Sept	89.32	—	—	89.32

CERT. DEPOSIT (IMM) $1m points of 100%

	Close	High	Low	Prev
Dec	90.38	90.39	90.35	90.38
March	89.88	89.88	89.86	89.88
June	89.51	89.52	89.48	89.50
Sept	89.18	89.20	89.18	89.19
Dec	—	—	—	—
March	—	—	—	—
Sept	76.50	—	—	76.30

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Close	High	Low	Prev
Dec	89.90	89.90	89.88	89.90
March	89.47	89.48	89.45	89.47
June	89.14	89.16	89.13	89.15
Sept	88.85	88.87	88.84	88.86
Dec	88.60	88.60	88.60	88.60
March	88.34	—	88.34	88.36

STERLING (IMM) $s per £

	Close	High	Low	Prev
Dec	1.4680	1.4780	1.4670	1.4805
March	1.4700	1.4805	1.4690	1.4830
June	1.4735	1.4800	1.4750	1.4858
Sept	1.4770	1.4800	1.4790	1.4880
Dec	—	—	—	—
March	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	68-28	68-29	68-24	68-26
March	67-24	67-26	67-20	67-24
June	66-26	66-28	66-24	66-26
Sept	66-01	66-02	65-31	66-01
Dec	65-12	65-12	65-10	65-12
March	—	—	—	—
June	64-13	64-13	64-11	64-13
Sept	64-02	—	—	64-02
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—

WEEKLY CHANGE IN WORLD INTEREST RATES

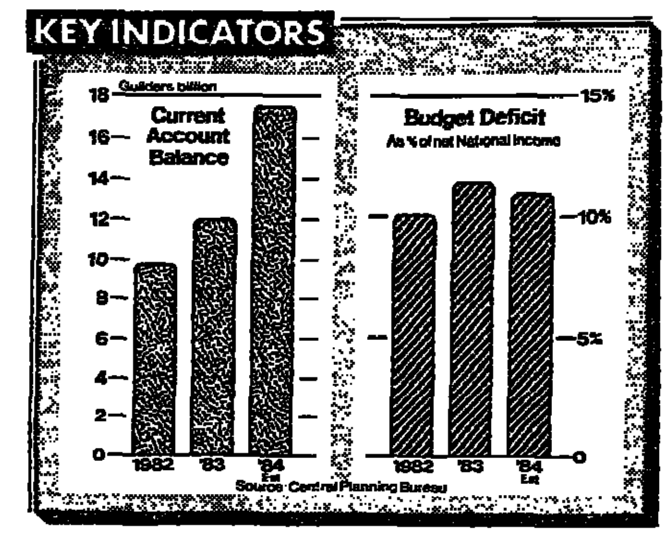
	Nov. 18	change		Nov. 18	change
LONDON			**NEW YORK**		
Base rates	9	Unch'd	Prime rates	11	Unch'd
7 day interbank	9⅛	Unch'd	Federal funds	9¼	−⅛
3 mth interbank	9 3/16	+1/16	3 Mth. Treasury Bills	8.83	+0.09
Treasury Bill Tender	8.8631	−0.0501	6 Mth. Treasury Bills	8.99	+0.11
Band 1 Bills	9 1/16	Unch'd	3 Mth. CD	9.60	+0.10
Band 2 Bills	9	Unch'd	**FRANKFURT**		
Band 3 Bills	8⅞	Unch'd	Lombard	5.50	Unch'd
3 Mth. Treasury Bills	8 27/32	Unch'd	One Mth. Interbank	5.725	+0.025
1 Mth. Bank Bills	9 1/32	Unch'd	Three month	6.30	+0.05
3 Mth. Bank Bills	8 29/32	−1/32	**PARIS**		
TOKYO			Intervention Rate	12.25	Unch'd
One month Bills	6.34375	Unch'd	One Mth. Interbank	12.3125	−0.125
Three month Bills	6.34375	Unch'd	Three month	12.375	−0.0625
BRUSSELS			**MILAN**		
One month	9	+⅛	One month	17 1/16	+⅛
Three month	9½	+1/16	Three month	17 3/16	+3/16
AMSTERDAM			**DUBLIN**		
One month	6 1/16	+⅛	One month	12⅝	Unch'd
Three month	6 3/16	+⅛	Three month	12¼	−¼

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills 34 to 63 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week. Band 4 bills 8¾.

FINANCIAL TIMES SURVEY

The Netherlands

The Lubbers Government is attempting a partial re-organisation of Dutch society to restore economic order. Its measures, some seen as harsh, will be judged by their results



CONTENTS

Calm at the eye of the storm

TWO HEAVY jolts have struck the Dutch Government in the last four weeks. First, in the Hague, an estimated 550,000 demonstrators staged a powerful protest against the deployment in the Netherlands of U.S. cruise missiles. It was the biggest display of public concern over a single issue since World War II. Short of a last-minute success at the East-West arms talks in Geneva, however, the Cabinet is committed to deployment.

By WALTER ELLIS
Amsterdam Correspondent

Next, the country's 700,000 public employees—civil servants, customs officials, rail workers, tram drivers, post office staff and others—began a campaign of strikes and working to rule. Their aim was to dissuade ministers from reducing their pay by 3 per cent from January 1. The country was thrown into chaos. Yet the cuts are at the heart of the Government's economic strategy.

What has been truly surprising, given the dimensions of the twin shocks, has been the apparent capacity of the Administration to absorb them. The sort of pressure that has been applied is highly unusual in Dutch society, but Mr Ruud Lubbers, the Prime Minister, has acted throughout with the sang froid of a man for whom adversity is but a spur to further action.

His Government colleagues have for the most part similarly refused to cave in, and it would seem as though only defeat in parliament and not assaults from the streets, can force them from office.

Such a defeat may yet come about, on the nuclear issue at least. For the moment, there is calm at the eye of the storm.

The Netherlands itself does not share the serenity of its leaders. How could it be otherwise? Unemployment now affects some 830,000 people, which is 16 per cent of the labour force by the standards of the European Commission or 17.7 per cent by the more rigorous Dutch domestic definition.

Forgotten army

Various estimates have been made of the future trend of Dutch unemployment. The general view seems to be that a further 75,000 or so will be added to the dole queues in 1984, with the one million mark being reached later in the decade unless either the economy *improves markedly* or work-sharing begins to take its intended effect.

To an extent, of course, the unemployed are a forgotten army. The 6,000 or so shipyard workers declared redundant by *the RSV group earlier this year* were much in the news at the time of their dismissal. They were seen as victims of an ill-defined conspiracy and the unions were behind them to a man. Where are they now? *Scattered, doing odd jobs* at home or playing dice in dusty bars. Waiting for something to turn up.

Many workers hand in their union cards upon being made redundant, unable to keep up the often *hefty payments* that membership in Holland entails. The effect of this is that while the unions continue to press for job-creation and seek to ensure a decent standard of living for the jobless, there is little real *pressure from within. Instead,* the union dynamism springs from those still working.

The anxiety of the shrinking labour force is almost palpable but workers insist that if they are going to remain employed, *they want a fair wage,* too. Public sector workers are torn between the intensity of their need to hold on to what they have got and their determination, born of a generation of prosperity, not to accept cuts in *income.*

What the Lubbers Government is attempting is a partial re-organisation of Dutch society to take account of a reduced rate of economic growth. High wages and advanced social expectations are seen as a main obstacle here and the Cabinet has decided, in effect, to employ last year's general election results as a guillotine, cutting short public debate on the subject.

Ostensibly, for a time, the discussion went on, in parliament and with the unions and has now been taken on to the streets by public sector workers. But the Prime Minister shows signs *of* wanting to act first and ask questions afterwards. He evidently sees no other course, since to wait for general acceptance of austerity would require patience that extended beyond politics.

Last week Government and unions were forced back to the negotiating table on pay by a court order. Publishers of periodicals and magazines had asked the labour court to take action that would enable their *normal circulation, held up by* the postal workers' strike, to resume by mail. The judge endorsed their request and the upshot was that both sides could begin talking again without any loss of face. Even so, *any compromise that emerged* was almost bound merely to take the roughest edge from the austerity programme.

Profitability

The *Government's other* priority has been to restore a measure of profitability to Dutch companies hit by three years of recession. A number of incentive schemes for small businesses were announced in the *September budget: greater* help is also to be given to exporters. But most directly, company tax is to be reduced from its present rate of 48 per cent to 43 per cent from January 1 and to 40 per cent in 1985.

*Partly as a result of the in*creasing level of official support for the cause of profit, but more importantly because the U.S. economy began to pick up steam earlier this year, Dutch companies have done better this year in terms of sales and earnings than for several years. The bankruptcies peak passed in the spring, and more management now seem ready to battle on.

Most of the really big corporations, like Royal Dutch, Unilever and Akzo, have reported sharp upturns this year, especially in the third quarter, while many of the smaller ventures previously in trouble have begun to show evidence of an end to the worst.

The banks are back on an upwards path (although their debt provisions are likely to remain high for some time) and the insurance companies are for the most part back in business after a depressing 1982. Surveys of business opinion reveal no wild forecasts of heady days to come. What they do indicate is a renewed, if cautios, optimism that firm government allied to determined management will *ensure* that the Netherlands can join in the international recovery.

For the people, though—those who endure the decisions rather than take them—the last 12 months have been unusually *tough.* Unemployment, reduced benefits the future of some schools and hospitals under review, virtually zero pay increases for those still employed—all these factors can easily spell out a society in decline, and social depression only makes real problems worse.

With so much so obviously wrong, it is little wonder that society in the Netherlands has become neurotic of late. Racialism, for example, has *come to the surface.* An overtly anti-immigrant MP was elected to parliament last December, and a recent opinion poll indicates a three-fold rise in support for his views.

On one local election in *September, the party concerned,* the Centrum Party, won nearly 10 per cent of votes cast. Football hooliganism has been imported from England, alongside punk music to the extent that, at a match between *Tottenham Hotspur of London* and Feyenoord of Rotterdam several weeks ago, British fans came out worst in the battle of knives, axes and chains. Two were almost killed.

In Amsterdam, the last year has seen an explosion of graffiti on the streets and, since the summer, on the sides of trams as well. Kids now wait at tram stops with aerosol cans and spray the latest gang slogans on the yellow paintwork in full view of bored passengers.

The other face of the Netherlands — the traditional face moulded by commerce, Rembrandt, Calvinism and open vistas framed by smouldering skies—is still to be seen in 1983. But it is now wearing a frown. Citizens of the small, trim towns and villages so beloved and admired by the tourists carry on with their disciplined, reticent lives.

They work hard and they keep to older ways. Churchgoing in some areas remains surprisingly high. But the encroachments of late-20th-century street life are to be felt even in the hidden places. Corner cafes play loud music and motorbikes roar along the cobblestones.

Royal difficulties

Even the royal family, epitome of stability, has been hit this year by public difficulties of a private kind. Prince Claus, the German-born consort to Queen Beatrix, has spent much of the last year in a Swiss clinic receiving treatments for "disorders of a depressive character." Only this month has he begun once more to take on "light" public duties. The people have rallied to the Queen during her family crisis, but the image has been crocked.

The picture is not uniformly gloomy. The arts are flourishing. Painting is enjoying a further renaissance and the traditional Hague school is, perhaps oddly, enjoying a revival of public esteem.

The Netherlands Dance Theatre has become one of the foremost modern dance troupes of the world, while the National Ballet's glittering production of The Sleeping Beauty has become an instant classic. Theatre is far from the main line. but active.

There are stirrings in the undergrowth of television, so that the Dutch version of Reithianism — "television is an education medium" is being adapted to the pleasure principle. Cable and satellite experiments are about to rain down on a bewildered population. The cafes and restaurants are full and the canals retain their ancient charm.

Less pleasing is the deterioration in the international situation which the Dutch Government observes with increasing concern and a growing sense of impotence. The various crises around the world, as they bring the super powers more directly into confrontation, squeeze out the smaller voices.

The cruise issue is one exception. Here, what the Netherlands does is of real relevance to the Atlantic Alliance, and it is for this reason that in the last 12 months former chancellor Helmut Schmidt of West Germany, vice-president Bush of the U.S. and, most recently, Mrs Margaret Thatcher, the UK Premier, have each visited The Hague to stiffen Mr Lubbers's resolve.

But the country is genuinely *divided. Mr Lubbers himself is* unhappy about siting nuclear missiles in what is essentially a pacifist, rationalist state. He appears to have decided that his first duty lies with Nato in the event of a failure in Geneva. Such a decision could contain the seeds of his downfall.

Elsewhere in foreign policy, the European community remains a major focus and a staple diet. EEC funds—especially agricultural funds—continue to do good work in the Netherlands. There is some concern about reorganisation to come, as demanded by Britain and West Germany. There is also—or was recently—anger about the "unfair" nature of the developing community fisheries policy. No one looks to Brussels for economic salvation. It is recognised that solution lie in other hands.

The Lubbers government is aware that the country has much to be grateful for and much *to look forward to. But its own* internal lack of cohesion often matches that of the population at large. The Cabinet has, so far, remained united on the major thrust of policy, although the cruise issue has introduced strain.

At parliamentary level, though, the squabbling between

CONTINUED ON PAGE VIII

Hopes based on high risk programme

Economy

WALTER ELLIS

NEW BEGINNINGS are not always perceived as such. An economy when it is "bottoming out" is in fact in the immediate pre-recovery phase but that does not stop people from finding the sensation disagreeable. Rubbing along takes on a new meaning.

So it is with the Netherlands. Those not armed with the necessary information see only the depredations of the recession: worsening unemployment, company bankruptcies, still-high interest rates and growing labour unrest. They are, of course, right to be concerned about such things. If improvements are not made in each of these areas, the effects on society could be deep and long-lasting.

What they should realise is that there is another side to the balance sheet. Output, profits, sales, orders, exports, expectations — they are all, for the most part, up, while government finances are at least being brought under the discipline of a determined administration.

How that administration eventually fares will depend on its public pay policy and its longer-term response to a variety of questions, including the nuclear issue. For the moment, the business community is relieved that someone has put its difficulties rather higher up the state's list of priorities.

That said, unemployment is the indicator that affects the greatest number; not so much a black spot, more a spreading stain across the fabric of society. It is not made to appear much less of a menace by the Cabinet's insistence that it simply operates on a different cycle from everything else and will lessen later. The one tangible comfort anxious workers can be offered at present is the news that the queues for jobs are lengthening at a slower rate.

On September 20, Mr Onno Ruding, the finance minister, produced his 1984 budget, the first originated in its entirety by the present centre-right Government. It looks ahead to cuts in public spending totalling Fl 11.8bn, leaving expenditure of Fl 162.7bn and a borrowing requirement of Fl 36bn. This year, expenditure estimated at Fl 159bn should be down by Fl 14.5bn on original estimates, leaving a borrowing requirement of Fl 33bn—some 11.5 per cent of national income.

The aim for 1984 is to effect a major reduction of the budget deficit without raising the overall burden of taxes and social welfare contributions. Second, comes a lowering of the tax and contributions liability of Dutch companies. Corporation tax will be reduced from 48 per cent to 43 per cent and to 40 per cent in 1985.

Pay cutback

Central to the reduction of public spending is the 3 per cent cutback in public sector pay which has given so much trouble and the parallel decrease in the level of most welfare benefits. Income tax for all but those in the lowest bracket will rise, as will value added tax—both by 1 per cent. Beer, spirits and tobacco will cost more.

Mr Rob Lenselink, a leading economist with the Algemene Bank Nederland (ABN) reckons that, including funds for the repayment of the national debt, the Government will have to find Fl 41.7bn next year to bridge the gap between income and expenditure. He feels that this should not cause any problems and is likely to be carried out in its entirety in the capital market, leaving monetary financing at zero as agreed with the central bank.

The low inflation rate in the Netherlands (2.5 per cent), combined with an increasing surplus on the current account of the balance of payments, should meanwhile keep the guilder a strong currency attractive to foreign investors.

Mr Lenselink observes that the 1984 budget "marks the reversal of a large number of unfavourable tendencies which caused the Dutch economy to show a relatively poor performance in recent years— a reversal which, if sustained, creates the outlook for a brighter socio-economic development in the coming years."

A somewhat different view of the Dutch economy is contained in a report published this month at the Government's request by the Central Planning Bureau, one of the most respected institutions in the Netherlands. The report observed—much to the chagrin of the Prime Minister, Mr Ruud Lubbers—that the economic strategy of the leading trade union federation, the FNV, was in some ways superior to the Government's own. The FNV plan has three aims:

- the stabilisation of consumer spending;
- continuing the redistribution of work through shorter working weeks;
- the stimulation of investment.

Having studied the detailed proposals, the planning bureau concluded they could provide 37,000 extra jobs while boosting production by 0.6 per cent and investment by 4.1 per cent. The budget deficit would, in addition, be reduced by 0.3 per cent by 1987, it said.

The FNV, not surprisingly, saw in the report confirmation of its entire interpretation of what was needed to put the country right. A leading official said that the planning bureau now agreed that the union's programme offered "better prospects for dealing with the economic crisis than the Cabinet."

Mr Lubbers took a different view. The 37,000 jobs, he said, would be bought through a Fl 20bn increase in the national debt in 1987, or Fl 540,000 per job. Hand in hand with the rise in national debt, he said, would go an increase in tax and social welfare contributions of one percentage point of national income and a 1 per cent upwards drift in interest rates.

"This would mean more debts, more taxes and welfare contributions, higher interest rates for everyone and no actual recovery for the economy."

Mr Wim Duisenberg, president of the Dutch central bank, although he has recently been critical of aspects of government policy, sprang to the Cabinet's defence this month only one day after publication of the planning bureau's report.

Overall approval

Monetary financing, he said, was not an instrument for reducing interest rates. It would only backfire. Investors would lose confidence, and this would lead to higher inflation and an inevitable rise in interest rates.

Mr Duisenberg expressed overall approval of the Government's economic strategy. The country was marching along the right road. Wage restraint would help improve the competitive position of Dutch industry, and curbs on the public sector generally would ease private sector burdens.

Blowing his own trumpet for a moment, Mr Duisenberg added that the central bank had made a major contribution to the recovery of the Dutch economy by placing no obstacles in the way of a growth in money supply, which was now high in the Netherlands.

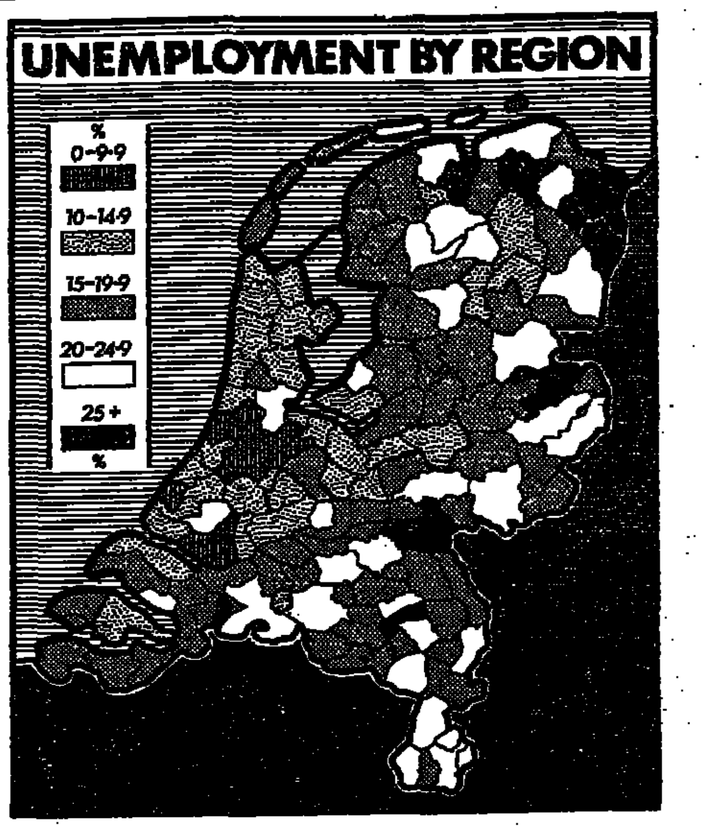
It was almost comical, he said, that Dutch policies should be described as "monetarist" "dogmatic monetarist" or, worst of all, "Thatcherian monetarist."

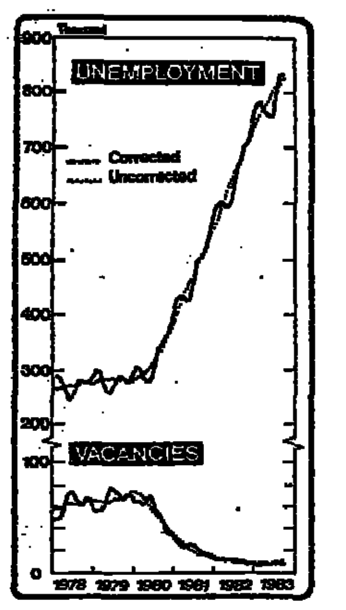
"I am totally unable to explain why people can describe as monetarist a policy which, at least for a period of time, accepts a growth in money supply which far exceeds growth in nominal national income and aims for the lowest possible level of interest rates consistent with a stable rate of exchange."

As far as the guilder was concerned, there was little the Netherlands could do but to keep closely in step with West Germany. The two countries were in a class of their own in the European Monetary System (EMS), with markedly lower inflation rates and without balance of payments problems. Accordingly, it would be wrong for Holland to try to force up its interest rates; it could only become more competitive by reducing costs.

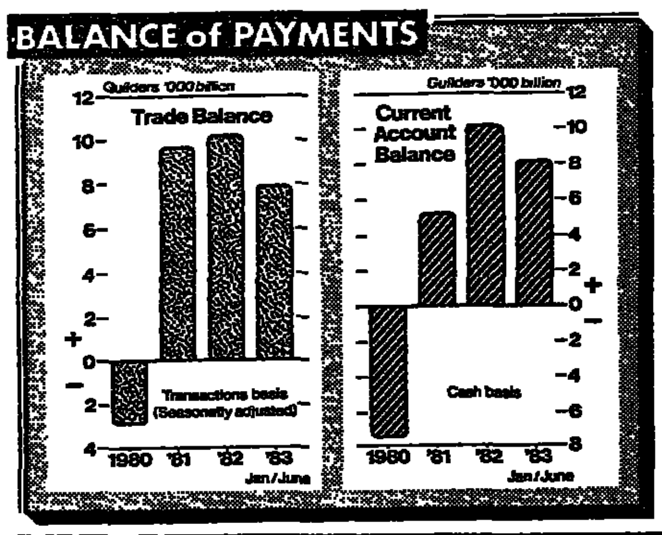
Such commentary from the widely respected (and nominally Socialist) central bank president, must have been music to the Government's ears. Other support had come in October from the European Commission, which said that the Netherlands' plans to cut government spending would make it easier for the country to hold down interest rates—still the highest in the EEC—and improve prospects for investment.

Any report on the progress of the economy which ended there would, however, fail to take account of a considerable weight of opinion which is arrayed against the Government. Not only the Labour Party and the unions are opposed to the Lubbers plan—even its supporters have doubts from time to time. It is a high-risk programme. If it succeeds, it will represent a breakthrough after years of muddle. If it fails, someone new will have to pick up the pieces.





The one tangible comfort anxious workers can be offered at present is the news that the queues for jobs are lengthening at a slower rate



Winter survival test for Lubbers Government

Politics

WALTER ELLIS

ONE OF THE most important consequences of the division in the Netherlands between the executive and the legislature is the fact that the former, although largely drawn from Parliament, quickly becomes aloof from MPs and exists primarily in a world of its own. The phenomenon is increasingly common world-wide.

The present Dutch Government is made up entirely of men and women elected to the Second Chamber last September. This need not have been the case and indeed the former Prime Minister, Mr Dries van Agt, was plucked from Academe to enter the Cabinet straight off as Minister for Justice. But once Ministers were selected to join the Administration of Mr Ruud Lubbers they had each to resign their parliamentary seats, leaving the gaps to be filled automatically by fellow party members lower down in the national lists. From then on, individuals who had in many cases been purely parliamentary animals for years, were freed from the turmoil of everyday politics and able to concentrate on their departmental briefs.

Full-time basis

The system should add to efficiency by allowing Ministers to operate on a full-time basis. At the same time, by having to explain their actions to Parliament and by seeking its endorsement for all proposals, Cabinet members remain subject to democratic control, thus ensuring, as it were, the supremacy of the people.

What can go wrong, however —and certainly appears to have gone wrong with the present Government — is that the Cabinet tends to argue out its policies in private, reach internal agreement and brings in MPs only at the end to apply their rubber stamp.

Parliamentary floor-leaders are the main conduit of Second Chamber opinion and also Parliament's main mouthpiece. The more daring and outrageous "backbenchers" certainly make their presence felt but these are statistically rare and are frequently viewed as "mavericks."

Thus a double life goes on in Dutch politics, with even the Government parties (parties plural, for there is always a coalition) producing their own "shadow" Bills and proposals and very often acting as a kind of back-up opposition.

Mr Ed Nijpels, the 35-year-old leader of the Liberal Party, with its 36 seats in Parliament, chose last year not to enter the Government but to remain as floorleader. From this position he can snipe at the Prime Minister and his colleagues and lecture them on the finer points of economic and other matters. He knows that, as effective No. 2 in the coalition with the Christian Democrats, he will be consulted regularly on most aspects of policy. He also knows that he can remain to some extent distant from actions taken by Ministers and, therefore, not be tainted by their failure.

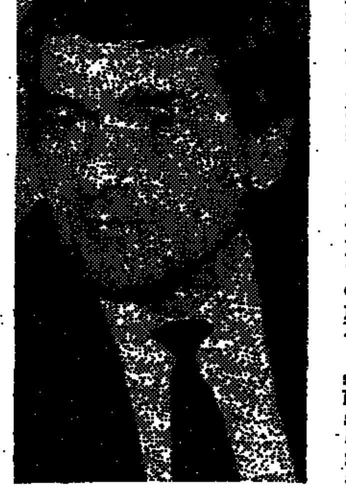
Earlier this month he criticised Mr Lubbers for pursuing the public sector pay debate on television instead of across the negotiating table with the unions. He himself, meanwhile, is a frequent television performer, building up his claim to the premiership next time round.

Mr Bert de Vries, the Christian Democrat floorleader, is another who likes to have his cake and eat it. It is his job, practically speaking, to deliver the 45 party MPs to the Government. More often than not he does so. What he really enjoys, however, is the freedom he has to speak out as a politician of substance and key influence, very often in support of views other than those held by his ministerial colleagues.

The Dutch seem to like things this way. The system gives a certain knockabout feel to politics that would otherwise be largely lacking. For there is a dourness to the present Government that can only be improved by the occasional well-aimed custard pie, even if the pie is usually not appreciated.

Recently Mr Marcel van Dam, a leading Labour Party spokesman and something of an individualist, referred in Parliament to his wife's fears that through higher taxes the Dutch people were being "be-lubbered." Mr Lubbers was furious, believing, rightly, that the new verb will, at least for some time, enter the language. He seemed genuinely offended that someone should seek to detract from the dignity of his office.

The taxes to which Mr van Dam referred so witheringly were proposed in the 1984 budget, presented to Parliament in September. The budget itself has proved exceptionally controversial and has already led to an almost unparalleled confrontation with the public sector unions. MPs and factions obviously have their views on it but, as usual, when it was introduced it was as though it had been brought down to Earth by a being from another planet.



Mr Ruud Lubbers, Prime Minister: two big issues are deployment of cruise missiles and running the economy

Blessing

The Christian Democrats and the Liberals did in fact give it their blessing but this was far from guaranteed and MPs from both parties have been full of comment and criticism ever since. The Labour Party put forward its own alternative budget—something which the Liberals almost did too—but this was lost in the storm that broke over the real thing. Even the fact that the central planning bureau and the central bank felt it was worth looking at did not rescue it from its inevitable plunge into the dustbin of parliamentary history.

While the coalition parties have jockeyed for position (bearing in mind the finite quality of coalition) and while the Labour Party has sought to rebuild itself into something more appropriate to the 1980s, the little parties of Holland have seemed to lapse into a strange lethargy.

The big exception here is the newest of all — the Centrum Party — avowedly anti-immigrant and in fact widely perceived as racist. The party has just one MP at present, Mr Hans Janmaat, the character of whose policy can be deduced from the fact that he tried this month to block the naturalisation of hundreds of would-be Dutch citizens by dragging up even such trivial objections as the fact that some had in the past been issued with parking tickets.

According to an opinion poll Mr Janmaat would be joined by two colleagues if a general election were to be held this winter. In a local election in the new town of Almere, Centrum Party candidates attracted nearly 10 per cent of the ppoular vote. Existing MPs are appalled.

Democrats '66, which had 17 seats in the previous Parliament but holds a mere six now, presents a sorry sight to political observers. A Social Democratic mishmash of individuals, it has sunk out of view since last year's elections and seems set either to carry on in miniature manner for years to come, as one of any number of Dutch Leftist groups, or to expire altogether from want of the will to live.

The other four Left-wing factions currently represented in Parliament have in the meantime banded together for warmth and are to publish a joint list for next year's elections to the European Parliament. Their Right-wing opposite numbers, including the austere Reformed Political Union and the Farmers' Party, simply carry on year after year, filling something like the role played by the extreme religious parties in Israel. They all have their place.

On occasions the Liberal Party has spoken of the possibility of splitting with the Christian Democrats and forcing fresh elections. So far, however, it has resisted the temptation. It knows perhaps that Labour is making its comeback and could win as many as 54 seats on present form.

The Christian Democrats, who like their Italian opposite numbers have never been out of office since World War II, are aware at the same time that their vote, having for some time contracted, is now stagnating. They hope that a good run by Mr Lubbers will put some air in their bellows.

The two big issues are the deployment of cruise weapons and the running of the economy. If the Government can survive present assaults on both these policies this winter, it should be set for another two years in power. If not, all bets are off.

Corners to be trimmed in scale of development aid

Foreign policy

WALTER ELLIS

GLOBAL EVENTS over the last 12 months have been so tumultuous and in many instances so far beyond mere calls for reason that Dutch foreign policy, by an ironical twist appropriate to the spiral of violence, has existed in a kind of vacuum. So far as the Netherlands is concerned there is no one out there. Mr Hans van den Broek, the Foreign Minister, has continued to tour the world and pronounce the Netherlands' view of each atrocity. But for all the effect he has had, even in the empty echo chamber of the United Nations, he might as well have saved his breath.

The world today is in too grievous a state of ill-health for the generally liberal and decent sentiments of a Dutch Minister to be heard above the cries of the wounded, the orisons for the dead and the demands for revenge from the living. When former great powers like Britain, and even France, make only a limited impact on events and when even the U.S. can be humbled by a fanatic in a lorry packed with explosives, what hope is there for Mr Van den Broek?

Only bilaterally or in the international margins (as with the supply of troops to Unifil) is there both cause and effect. Surinam, the former colony next to Guyana, a majority of whose former population now lives in Holland, has given a great deal of trouble this year. There has also been a recurrence of the quarrel with Peking over the sale of arms to Taiwan. Most recently, MPs expressed serious concern in Parliament about the proposed sale to Turkey of 15 ageing Starfighter jets — those which have avoided the supernova phase of so many of their type. In addition, the European Community continues to provide a more domestic focus for foreign policy while the UN carries on drawing Dutch Ministers to New York as though it really were the centre-stage of world affairs.

Atrocity

What took place in Surinam last December, just before Christmas, was by 1983 standards a low-grade atrocity. Fifteen leading members of the various groups opposed to the military regime of Lt Colonel Desi Bouterse were shot and killed by troops allegedly while attempting to escape from military custody. The Dutch Government, which knows the country better than anyone else, declared the deaths to have been "executions" and soon after suspended the development aid on which the Surinamese economy largely depends.

Since then Bouterse has variously threatened and cajoled in a bid to win back his aid. The threat, only half stated but with the meaning clear enough, was that if the Dutch did not come up with the cash, others would (and where could such others be found? Col Bouterse is an avowed Marxist, with long-standing Cuban links). The cajoling came in the form of secret overtures suggested compromises and guarantees for the future. Bouterse needs the guilders and he knows it. The Eastern bloc is generous on military help but less so with money for agriculture and structural development. More than Fl 500m is at stake over the next few years.

An indication of the gravity of Bouterse's economic problems came recently with his expulsion of a number of Cuban advisers immediately following the American invasion of Grenada. No doubt he was mainly seeking to prevent a repeat performance in Surinam but his message that Parimaribo was no centre of Cuban expansionism flashed as clear as a neon sign.

Lately, there have been reports (denied in Surinam) that an effort at fence-building is to be made. If so, The Hague will be relieved. The Netherlands' colonial past was on occasions as murky as that of the other European empire builders but the country has slipped into the post-colonial age with good grace and is a generous benefactor to its former subject peoples.

Development aid is in fact a major feature of foreign policy. In 1984, because of the Government's austerity policy, the volume of aid is to be cut in real terms for the first time in many years. The total budget for next year is to be Fl 4.37bn—Fl 35m less than for 1983—and only the deterioration in the economy as a whole enables the figure to remain at the impressive height of 1.5 per cent of estimated net national income. Mrs Eegje Schoo, the Minister for Development Co-operation—a full Cabinet post—has worked hard in negotiations with her colleagues to secure as much as possible. Clearly, though, some corners are going to have to be cut.

The quarrel with China is potentially serious. Three years ago, when a Dutch shipyard was given an order from Taiwan for two submarines, Peking responded by reducing the level of its diplomatic representation in The Hague to that of chargé d'affaires. It also boycotted the port of Rotterdam for a time and halted a search for oil in Shanxi province by Royal Dutch/Shell.

Peking threats

Attempts by Taipei to place new orders for submarines and minehunters, garnished with hints of further improvements in trade to come, this month split Parliament and brought down from Peking threats of the direst consequences. A new air link between Amsterdam and Taipei, begun this year by China Airlines and KLM, has done nothing to cool the temperature, with increasing banking and other commercial ties only fanning the flames.

Mr Ruud Lubbers, the Prime Minister, has previously referred to the submarines affair as a purely commercial transaction. Mr Van den Broek, for his part, has insisted that whatever happens the "One China" policy is solid as a rock. Peking has retorted angrily that it is impossible, logically, to endorse Taiwan as coming under the sovereignty of China while at the same time providing it with the means of resisting that sovereignty. For the latest contract, once confirmed, to go through, Cabinet permission was required and the government was not looking forward to taking the decision. The deal could be worth between Fl 1.5bn and Fl 3bn—difficult to refuse, especially with shipbuilding deep in recession.

EEC matters have rarely hit the headlines in the Netherlands this year, the big exception being the interest shown in the Dutch refusal in October to endorse the then latest effort at a common fisheries policy. Fishermen from Zeeland and Friesland felt they were being sacrificed to the interests of Britain and Denmark. Not since the great gas and glasshouses scandal of the 1970s, when Dutch horticulturalists insisted on their right to subsidised heating, has there been such a demonstration of anti-Community feeling.

Normally, little is heard of the Commission and the Council of Ministers; the Strasbourg Parliament, with its Dutch president, surfaces only on the inside pages. The United Nations may still provide scope for detailed expressions of Holland's deepening anxieties about the world; the EEC remains what it always was—a trade mechanism and a club, very much taken for granted. If the Netherlands wants to do something positive to boost its ailing economy, it certainly does not look to Brussels for its salvation.

Cruise debate dominates

Defence

WALTER ELLIS

HOW representative of a country of 14.2m people are 500,000 demonstrators against nuclear weapons? Do pressure groups, once their numbers exceed 3 per cent of the population, gain the right to decide public policy? These are vital defence questions in the Netherlands as the Dutch Government edges crabwise towards a final decision on the deployment of cruise missiles.

None of the Nato countries is happy about accepting new U.S. weapons. Fear everywhere has increased about the risks of a shattering global conflict. In the Netherlands, however, anxiety has been given the force of a political argument rooted not merely among the more obvious radical factions and peace groups but throughout society. In The Hague at the end of last month the biggest political protest since World War II threw the Dutch Peace Movement into ecstasy and led it to demand from the Government, effectively "in the name of the people," that an enormous "No" be sent to Washington and Brussels, preferably by express post.

Part of the protest over the siting of new nuclear missiles in Europe which drew more than 500,000 people to The Hague last month.

Under siege

Mr Ruud Lubbers, the Prime Minister, understandably feels himself under siege but he has emphasised that the ultimate choice lies still with the Cabinet and Parliament. As far as the former is concerned, the key factor remains the East-West arms reduction talks stuttering along in Geneva. Moscow has only to indicate that it is prepared to cut back the numbers of SS20 rockets it is now installing in Eastern Europe and Holland is off the hook. If, as is considered more likely, the talks disintegrate into a morass of recrimination and pettyfogging, Mr Lubbers and his colleagues are duty bound to give the go-ahead for deployment. The government of Mr Lubbers' predecessor, the mercurial Mr Dries Van Agt, gave Nato its commitment in 1979 and any last-minute withdrawal not predicated on a successful conclusion to the Geneva negotiations would go down in the Alliance like Sauterne with a T-Bone steak.

Naturally, the Peace Movement does not see things this way. As far as its leadership is concerned, half-a-million demonstrators constitutes a democratic majority. Mr Mient Jan Faber, head of the Inter-Church Peace Council, said that further mass protests would be held if the Government ignored the message of the rally and sited the missiles. A confederate Mrs Slenie Strikwerda, warned that the Dutch people had now clearly shown their rejection of cruise.

After the demonstration Mr Lubbers said in a televised statement that he thought only a minority of Dutch people were dead set against cruise. He was basing this claim, no doubt, on three recent opinion polls, which indicate that while only around 27 per cent of those questioned actually gave deployment their unqualified support, fewer than 40 per cent were opposed at any price. A year earlier more than 70 per cent of people declared themselves against. However, while the claims of the Peace Movement require scrutiny, so too do the results of the polls. An eve-of-protest survey revealed the "fact" that nearly half of Christian Democrat voters were against cruise; yet in the event only a handful—perhaps a few per cent of demonstrators—turned out to be Christian Democrat supporters.

The Prime Minister cannot help but be impressed by the depth of feeling which the issue has aroused—and there can be no doubting the unease with which the Dutch people as a whole view the nuclear build-up. Nevertheless, he is being careful to keep the matter as one for MPs and the Cabinet to decide.

On television he agreed that the protest in The Hague was a stimulus to halt the arms race. He said also that discussion would continue within Nato, which had preserved peace in Europe for more than 30 years. What had to be remembered was that one-sided disarmament could not be justified. The Soviet Union would not understand such a move and the world would be brought no nearer to peace. Mr Lubbers expressed the hope that Moscow would make a concrete gesture by removing a number of its SS20s and added that he would like to see a second round of negotiations next year if the current Geneva round ended in failure.

48 missiles

The formal position is this. The Netherlands has already given permission for preparations to be made for the reception of the 48 cruise weapons assigned to it by the Alliance. A storage site has been selected in the middle of a disused air base in Woensdrecht, in the south of the country near the Belgian border. Sometime soon, probably in the spring but possibly before, the Cabinet will consider the options and take a decision on actual deployment. That decision will be put before Parliament for its approval. Under the Dutch constitution, it may be possible for the Government to override Parliament. On an issue of this importance, however, it is improbable that it would try, and if MPs do give cruise the thumbs-down, fresh elections could be in prospect.

The Dutch Parliament has 150 seats, of which in normal times the Christian Democrat-Liberal coalition controls 81, giving it a majority of 12. But the circumstances in respect of cruise are far from normal. A group of Left-wing Christian Democrats, known perversely as "loyalists" and varying in strength between five and 10, has stated that it is distinctly unhappy about deployment. A lot of pressure has been put on the individuals to conform. That, though, was before the Peace Movement's triumph in The Hague. Even within the Cabinet itself there are said to be doubters.

All but a tiny handful of the Opposition—dominated by the 47-member Labour Party—is determined to keep cruise out and if enough Christian Democrats can be persuaded to vote against the whips, it is just possible that Mr Lubbers could face defeat. Certainly he has got to work hard between now and then, impressing everyone, not least on his own benches, that it is the will of the people that is his primary concern and that Geneva must be given every opportunity.

Cruise apart, there are other problems in the defence area that have given trouble this year. Because of budget cuts and confusion over the existing "nuclear tasks" of the Dutch armed forces in the event of war, the 1983 Defence White Paper has yet to appear. It should have been published in the autumn but has been delayed pending resolution within the Cabinet of these twin dilemmmas.

Mr Job de Ruiter, the Defence Minister, wants to cut back the number of nuclear tasks, which presently include nuclear mines, nuclear cannons and obsolescent atomic anti-aircraft missiles. Right-wingers among his colleagues fear that he is going soft. In addition, the army—which remains highly professional despite the fact that all of its private soldiers serve for only 14 or 16 months—is pining for more tanks, helicopters and armoured vehicles. The navy and the air force (the latter now being equipped with American F16 interceptors) are currently well provided but the "poor bloody infantry" believe it is now their turn.

Defence procurement costs money. To provide 20 batteries of the new Patriot anti-aircraft missile, for example, the Government is going to have to come up with Fl 900m. Offset orders are being sought, but negotiations here are likely to be complex. Just another headache for Mr Lubbers.

Export performance improves sharply

Trade & Industry

CHARLES BATCHELOR

TOO FEW companies selling the wrong products in the wrong markets. These, in broad outline, are the criticisms which have been levelled at the Netherlands' exporters in recent times.

They represent harsh judgments for a country which achieved a visible trade surplus of Fl 8bn (£1.8bn) in the first eight months of this year and which is forecasting a current account surplus—visibles and invisibles—of Fl 12.5bn for 1983 as a whole.

The Netherlands' export performance has improved markedly in recent years after a patchy record throughout the 1970s. In as far as its export achievements can be influenced from within the Netherlands this has been largely due to government efforts to reduce production costs.

Dutch imports and exports account for nearly 60 per cent of gross national product—against only 30 per cent for Germany and the UK—so the attention paid to foreign trade is understandable.

Higher rank

Greater political weight is now attached to trade with the appointment of the country's first state secretary for exports at the economics ministry six years ago. However, many businessmen still feel that exports should be accorded ministerial rank.

One exporter explained: "We have a minister for development aid but not one for exports. It's easy to disburse aid. Everyone welcomes you with open arms. It's harder to export. Having a minister would help."

Mr Frits Bolkenstein is the country's third state secretary for exports. He does enjoy wider powers than his predecessors, argues the economics ministry. Whereas previous state secretaries could only advise on the granting of export credit guarantees, for example, leaving the final decision to the finance ministry, Mr Bolkenstein now has a voice in the decision-making process.

How has this improvement in the country's trade position come about? The Netherlands ran into large deficits on its visible trade during the late 1970s. Between 1977 and 1979 the deficit rose from Fl 4.78bn to Fl 7.2bn. It fell slightly to Fl 5.31bn in 1980 and then moved into surpluses of Fl 6.77bn in 1981 and Fl 9.73bn last year. Exports amounted to Fl 176.8bn in 1982 against imports of Fl 167.1bn.

Wage moderation has been an important factor in improving the competitiveness of Dutch exports. Governments have been chipping away at the system of indexing wages to prices in recent years and wage increases have been held down.

The present centre-right Government's more radical approach—seeking a 3.5 per cent cut in civil servants' wages—has provoked labour unrest more severe than that seen for a long time. If the Government succeeds in its planned cutbacks this will give a further indirect stimulus to export competitiveness. Businessmen are worried, however, that industrial action by customs men and other officials will damage the Netherlands' reputation for reliability.

Between 1970 and 1978, unit labour costs in the Dutch manufacturing sector rose 10 per cent faster than those of its foreign competitors. In the 1979-82 period costs lagged 17 per cent behind those of competitors.

Mr Teun Middelkoop, managing director of the Nederlandse Export Combinatie, a co-operative promoting exports for its 520 corporate members, comments: "We priced ourselves out of markets in the 1970s. If you have been doing that for 10 years you will not make it good in two years."

In 1970, the Netherlands had 4.5 per cent of world trade but by 1980 this had fallen to 4 per cent. This relative decline was for many years masked by the overall growth of world trade but once trade started to slow down and even fall the weakness of the Dutch position became clear.

"If we had retained our 4.5 per cent stake we would have exported Fl 22bn more in 1982," says Mr Middelkoop. "That would have removed 200,000 people from the unemployment register."

The aim of Dutch foreign exchange policy has been to keep the guilder in step with the Deutsche mark to maintain competitiveness both in Germany and in third markets and to dampen imported inflation. This led to the firming of the guilder against the Netherlands' biggest trade competitors by 1 per cent a year between 1971 and 1975. Since then, however, it has fallen by 1 per cent a year giving a further boost to exports.

The move into large surpluses on the foreign trade and current balance of payments accounts owes much to the low level of imports. Investment spending by industry has been depressed in recent years while wage moderation has held down consumer spending. Industry's investment fell 2.5 per cent in volume last year while consumer spending was 1.5 per cent down.

Fall in spending

Consumer spending is forecast to fall further this year and next but company expenditure is expected to show rises of 3.5 and 2/3 per cent in the two years. If Dutch industry recovers imports will inevitably increase.

Volume exports are, nevertheless, expected to exceed imports in 1983 and 1984. Official forecasts indicate a 3.5 per cent rise in exports this year and a 5 per cent increase in 1984. Imports are expected to rise 2 per cent by volume in both years.

Price developments have been less encouraging and the terms of trade have worsened this year. Export prices are forecast to be unchanged in 1983 and rise 2 per cent next year. Import prices will go up 1 and 3 per cent in 1983 and 1984.

One reason for the strong export preformance since 1981 is the content of the trade package. The large part played by petrochemicals, agricultural and intermediate products means Dutch exports respond immediately to any upturn in world trade as manufacturers start to build up stocks.

The lack of a strong capital goods sector in the Netherlands is, in contrast, a source of concern. The Netherlands shed industrial jobs faster than the EEC average in the 1970s as the newly industrialising countries took a greater share of much manufacturing.

A White Paper drawn up by the economics ministry towards the end of last year concluded that the Dutch export package was inferior to that of its competitors. The fastest growing sectors of international trade—for high quality products and services — were under-represented, it said.

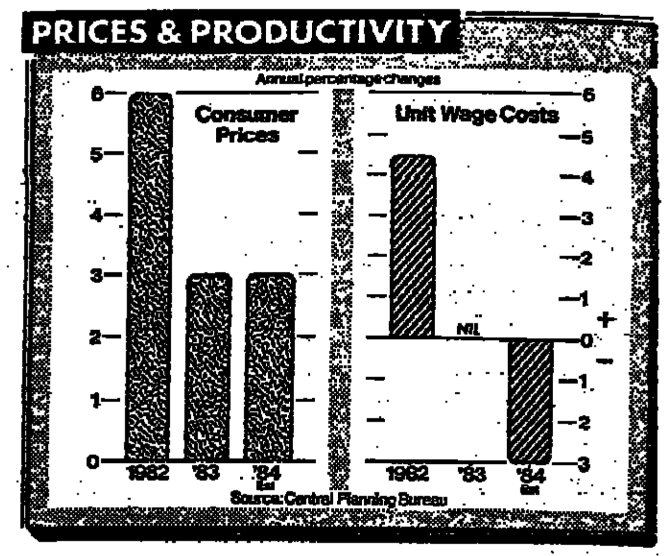
It was also critical of the concentration of the Dutch export effort on Western Europe. Some 70 per cent of exports go to EEC countries with a further 10 per cent destined for other West European countries. Relatively little goes to oil-exporting countries and the developing nations.

Earlier this year the Advisory Commission on Industrial Policy recommended greater support for the export efforts of medium and small companies.

Counter-arguments have been advanced against most of these criticisms. The central planning bureau has pointed out that a reliance on agricultural products and food exports has cushioned the Netherlands against the decline in international spending on capital goods and consumer durables.

Exporters argue that Dutch farmers and food processors have constantly improved the quality of their products to defend their markets and maintain their added-value.

Recent statistics show that the concentration of Dutch exports on Western Europe has been an advantage at a time when demand from the Middle East and from the developing countries has been relatively weak. By contrast, markets in Europe have been strong.



Dr Anton Dreesmann: transformed the store group into an international retailing and service conglomerate

PROFILE:

ANTON DREESMANN

Architect of wider horizons

IN UNDER eight years Vroom en Dreesmann, the family-owned department store group, has been transformed into an international retailing and service conglomerate with operations in three continents. The architect of this change has been Dr Anton Dreesmann, now 60, grandson of one of the joint founders.

"All our profits come from our diversifications," he says, sitting in his office in an anonymous block on the outskirts of Amsterdam. "It all comes from companies we did not have six years ago. Our traditional businesses are just breaking even on an historical cost basis. We have given ourselves two to three years to solve that problem."

Dreesmann attributes the rapid growth of his company, now renamed Vendex International, to "strong decentralisation and short communications links.

"We carry on the financial and fiscal work at a central point but people in the divisions are given responsibility. Commercial considerations prevail in all our operations.

"In public companies managers take a three-year view. I can look at the longer term. That is one of the advantages of being a private company. We are also frugal with dividends since we have well-heeled shareholders who can wait for their money."

Dreesmann is now busy applying his retailing philosophy to Sears, Roebuck's Brazilian stores, recently acquired by Vendex.

"We have big plans for that company," he says. "With our Ultralar subsidiary this acquisition makes us the fifth largest retailer in Brazil. We will be number two or three in 10 years' time.

"We will keep the two companies separate since they operate in different markets. The former Sears' stores will be run by Brazilians with one man sent out from the Netherlands. Sears ran it by sending orders out in 17-fold from Chicago Tower and they did not keep a tight watch on margins. We will computerise their operations."

A doctor of economics, Dreesmann holds a professorship at Amsterdam University where he lectures two hours a week on business studies. "It forces me to read, to match theory and practice." he says.

Dreesmann is critical of what he sees as the post-war vogue for macro-economic studies which meant that the details of how a business actually worked were ignored.

"I query the value of the conclusions you can reach with macro-economics," he says. "But now all the big economic institutions are full of old men there are no jobs for young people to move into. This has forced them to look again at business studies."

Dreesmann foresees a dramatic fall in Dutch retail spending next year as government controls on wages begin to bite. Fine tuning is called for if the retail sector is not to be killed off altogether, he urges. Public sector austerity may mean less will be spent in his stores but Dreesmann sees compensating benefits for his service companies if the government decides to privatise some of its activities.

Charles Batchelor

Fears over effects of consumer spending fall

Retailers

CHARLES BATCHELOR

DUTCH RETAILERS view the future with growing apprehension. After a long period of rapid growth at home and abroad during the 1970s they now face a period of declining consumer spending.

The Dutch Government's austerity measures are aimed at achieving further cuts in public sector wages and continued wage moderation in the private sector.

The large retailing groups have responded in a variety of ways and with mixed degrees of success to this challenge. Ahold, the largest food retailer, has put far greater emphasis on keen pricing and own-label goods; Vendex International (formerly Vroom en Dreesmann) has expanded into the services sector in the Netherlands and into retailing abroad; KBB, the least successful of the big three, has been forced to sell off stores and cut its workforce.

Consumer spending, by volume, fell 1.5 per cent last year and is expected to decline by similar percentages in 1983 and 1984, according to the Government's central planning bureau.

Wage moderation

Retail spending has fallen even more sharply, by 4 per cent in 1981 and a further 4.5 per cent last year. While government policies impose wage moderation, essential family spending outside the retail sector on heating and lighting, rents, medical treatment and public services has gone up sharply.

Retailers originally expected a 13 per cent decline in customer spending in 1981-84, according to the KBB group. They now anticipate a drop of 20 per cent, which would take spending back to 1973 levels.

Dr Anton Dreesmann, chairman of Vendex, said: "The Dutch consumer must be given a glimmer of hope—if only to counterbalance the systematic doses of dire tidings with which the Government has put a brake on domestic demand."

The Government's handling of the problems recently encountered by KBB show it is prepared to accept a shake-out of the retail sector, even if this leads to a further increase in the already high levels of unemployment.

KBB nearly doubled its net loss to Fl 60m (£13.5m) in the year ended January 1983 on turnover just 6.5 per cent higher at Fl 3.36bn (£757m). The group's problems arose from the concentration of its flagship 'De Bijenkorf' stores on up-market home furnishing, household goods and fabrics at a time when many people were reducing spending on these items.

On top of an expensive store refurbishment programme KBB spent about Fl 90m on a new headquarters on the outskirts of Amsterdam. Its cautious expansion into the U.S. with the purchase of Macks Stores, a North Carolina-based group, did not prove as profitable as was hoped and Macks has been sold.

The relative success of KBB's Hema chain, supplying a limited range of keenly-priced household goods was not enough to compensate for these problems. The Government rejected KBB's request for a Fl 60m loan although it has granted a three-year moratorium on interest payments on an existing Fl 50m loan.

"The Government accepted that there must be cuts in retailing capacity given the lower spending levels," said the economics ministry. "It argued that the size of the retailing sector did not depend on specific shops so any aid would distort competition. It took the view that retailing was not of strategic importance to the economy."

The Government did actively assist the negotiations between the company its unions, bankers and shareholders however.

One shareholder to benefit from the problems of KBB was its major rival, Vendex International. Vendex's 20 per cent holding in the group was increased to 40 per cent and Vendex chairman, Dr Dreesmann, took a seat on KBB's supervisory board.

Dr Dreesmann says he takes an "arms' length" attitude to his supervisory board position, and his company's closer links with KBB are only prompted by a concern for the future of the retailing sector generally.

Vendex has certainly long been aware of the dangers of taking too prominent a role in the Dutch retail sector. Whether links between Vendex and KBB grow any closer will obviously depend on the latter's success at overcoming its problems.

Vendex, which operates department stores, clothing and food outlets, meanwhile continues its policy of diversifying out of the hard-pressed retail sector into the provision of services. These now range from industrial cleaning, through banking, catering, employment agencies and security to express parcel services. A number of joint ventures in several of these areas are now under discussion with potential Dutch and foreign partners.

Overseas Vendex recently acquired Sears, Roebuck's 11-strong chain of Brazilian stores, which, with the Dutch group's own 45-strong Ultralar chain, makes it the fifth-largest retailer in Brazil. Vendex aims to be number two or three in 10 years' time.

Profits recover

After a dip in 1981-82 to Fl 103m Vendex's net profit recovered to Fl 132m last year and could well achieve a new record of around Fl 190m in 1983-84. Turnover is expected to rise to about Fl 12bn this year from Fl 10.7bn.

Ahold, with 650 supermarkets and other stores in the Netherlands, has achieved pre-eminence in the grocery field. Net profits have risen strongly in recent years, increasing a further 20 per cent in 1982 to Fl 64m on turnover of Fl 5.34bn.

One sizeable retailing chain with its roots in the Netherlands remains a mystery. C & A, the international clothes retailer, with stores throughout Europe and the U.S., publishes no consolidated figures. Company reporting legislation in both the UK and the Netherlands has been adroitly used to exempt the group from scrutiny.

Only in Germany is the company obliged to report, in summary form, its annual results. These revealed a lower 1982 net profit of DM 178.6m (£45m) on turnover of DM 5.52bn. This compared with profit of DM 201.2m on turnover of DM 5.54bn the year before.

C and A has come under pressure from trade unions in 12 countries where it operates to provide more information under the OECD "Guidelines for Multinational Enterprises."

C and A denies that splitting the group into individual national entities is a "legal facade." It argues that the structure of the company, under which the managing partner in the Netherlands assumes unlimited liability, means it is not required to publish financial information either in the Netherlands or to the OECD.

Budget deficit forces shift in strategic planning

Energy

SIMON GESCHWINDT

SHORT-TERM expediency has triumphed over longer-term strategic planning of Dutch energy policy. The present Centre-Right coalition government recently overturned its predecesor's policy of conserving indigenous natural gas reserves for high added value uses and as a hedge against energy crises. Faced with a gaping hole in the budget the Government recently abandoned selective gas use and sanctioned extra gas supplies to power stations. Two basic objectives, gas conservation and fuel diversification, have slipped a few places on the *Government's list of priorities.*

Gas is still the cornerstone of the Netherland's economy. But despite falling consumption it will run out soon after the turn of the century. The country has long faced the challenge of spinning out this cheap, high-grade, clean energy source which supplies over *half its* total energy requirement. But in these straitened *times* of recession budget requirements *have gained immediate priority.*

The previous Centre-Left Government saw two main options to replace gas. The first was to build up coal-fired and nuclear-based electricity production to the point where each would account for 40 per cent of total production by the year 2000. The second was to expand coal-fired electricity production to 80 per cent of the total, leaving the remainder oil-fired. The choice would depend on the findings of a public energy debate on the future of nuclear power.

Management

The Government acknowledges the need for careful management of the country's energy resources but has had to face the fact that coal is no longer competitive with gas. Dutch gas prices are linked to those of heating oil, whose prices have fallen and are not forecast to recover before end-1984. Power-station conversion from gas and oil to coal is no longer so attractive. Construction of nuclear power stations in the Netherlands is an ultra-sensitive subject, charged with emotions; any decision will have to await the conclusions of the *public energy debate* at the end of this year.

But declining growth of electricity demand has taken the heat off the question in the short term. The country already has an electricity production overcapacity of 3,000 MW out of a total 15,600 MW. The electricity producers say this will last until at least 1990.

The public energy debate leader, Maurits de Brauw, says: "Latest indications on the growth of energy consumption are such that we can probably get by until the year 2000 without expanding current nuclear capacity beyond the existing 50MW at Dodewaard and 450MW at Borssele."

The Dutch Economics Ministry last month presented proposals to centralise management *of electricity* production and fuel purchase by 1988. The Ministry *says* this is to produce uniformity of electricity tariffs. It considerably boosts government influence on pricing policy.

The new Bill provides *for* complete restructuring of the electricity supply system by setting up one national production company, with *provincial* and regional distribution centres. Because of the complexity of the plan and strong opposition by the utilities the Government has opted for gradual phasing in of its various measures.

The electricity producers association, SEP, responsible for annual grid planning, will become a limited company in charge of new power station construction *and operation.* Fuel purchase and distribution will be pooled nationally and electricity supplied direct to large users and the utilities at prices approved by the Economics Ministry. The price to large industrial users will be linked to that of imported electricity to ensure competitiveness with neighbouring countries.

Economics Minister Gijs van Aardenne, recently agreed with the electricity producers that commerce and industry should benefit from the recent fall in *oil prices. On that basis* the large user rate will be pegged next year and small users will pay only 2 per cent. The Government *says it* will continue *to* stimulate industrial combined heat and power—CHP—projects. CHP capacity will be raised by 100 MW this year to a total 1,500 MW.

National price structuring has been difficult in the past because provincial producers with cheaper fuel bases such as coal have jealously guarded their pricing autonomy, often using profits to support local social sectors.

The gas utilities cooperative Vegin is still fighting a protracted battle with the nation's gas coporation Gasunie over next year's small user gas price. Government - backed Gasunie says the price for users of up to *170,000m 3/year (cubic* metres a year) should continue to be linked to the that of heating oil. That will push it up by 3.4 Dutch cents in January 1984 to a total 52.6 cents/m3. Vegin opposes this on the grounds that heating oil is no longer an alternative fuel to gas and adds that fluctuations in the dollar exchange rate can produce artificial price movements of dollar-priced heating oil. Vegin says a 3.4 per cent rise adds another Fl 100-200 a year to the average household energy bill at a time of high unemployment and stagnating wage levels. It is pressing for establishment of a market price for gas, and says it will take the case to the European Court of Justice in Luxembourg unless Gasunie gives way.

Postponement

Minister Gijs van Aardenne recently said he would accept postponement of a price in*crease until April 1984—but* only if the resultant Fl 105m budget deficit is filled by a temporary rise in duties on tobacco and alcohol.

The previous Government supported selective gas sales for CHP and high added value applications. In November last year the incoming Cabinet was strongly advised by the government-advisory General Energy Council to continue with this policy. But under pressure from industry to keep electricity prices at a level on a par with other European countries, the *previous Government had* already sanctioned Gasunie to sell an extra 20bn m3 of gas to the power stations at a coal-parity price to 1987, by which time the new Dutch coal age would have dawned. This was justified on the grounds that gas consumption is falling, that industry urgently needed lower electricity tariffs and that the additional gas sales would shore up declining gas revenues to the Government.

The present Government continued on this basis. The Economics Ministry confirmed *last month* that it plans entirely to abandon selective gas allocation. Gas sales will now be determined by market forces. It adds that it is willing in principle to approve new gas export contracts, depending on the size of reserves.

Negotiations

Efforts have been made in recent years to relieve dependence on Gronigen gas by substituting LNG imports and coal gas. The Netherlands still imports 2bn m3/yr gas from Norway but talks on additional supplies from Algeria and Nigeria ran aground because of the producers' problems in financing liquefaction facilities. Similar negotiations with the Soviet Union for 2bn m3/yr derailed last year when Dutch industry was cold-shouldered on award *of construction contracts for* the new trans-Siberian pipeline. The Economics Ministry now says it may reopen negotiations with *Algeria and the Soviet Union* in the early 1990s, depending on demand levels, but that meanwhile surplus domestic reserves will see it through the 1980s.

Shell, Gasunie and a number of other companies have cancelled coal-gasification projects because of escalating construction costs and doubts on the viability of coal gas in the light of falling prices for alternative fuels.

The Government says it will give priority to smaller onshore fields and offshore exploration and operation to retain *the stra*tegic function of the major Slochteren gas field in Groningen. The current high level of exploration activity in the Dutch North Sea sector is expected to produce reserves sufficiently to meet 20-25 per cent of national demand by 1986.

Dutch oil and gas North Sea drillings have been at a feverishly high rate, reaching a record level of 45 in 1982 com*pared with 32 in 1981. These* produced five new gas and six new oil fields. A further three fields were found onshore.

The Dutch *state geological* department, RGD, says oil reserves have risen from 59.2m m3 to 87.0m m3, including a massive offshore rise from 19.9m m3 to 49.0m m3. These include the "spectacular" find by the offshore concern, Holland Sea Search, announced earlier this year. The Government acknowledged that the 50m-barrel find boosted indigenous reserves from 5 per cent to 20 per cent of national requirement. Mobil, one of the partners in the sector, says the announcement was premature and continues to maintain that the size of reserves is uncertain.

The Netherlands now has 83 onshore and 71 offshore gas fields. But recent oil price developments have whittled down profit expectations for oil and gas, so the Government has provisionally abandoned proposals to increase its stake in minor fields.

Low profile

In complete contrast to previous policy, coal has been given a low profile and its re*introduction for industrial* under-firing and syngas production mothballed. A number of coal-burning projects have been scrapped in the past year because of escalating construction and environment costs and the diminishing coal price advantage over oil. They include a new 600MW coal-fired power station in Dordrecht and a 500 MW station in Amsterdam.

The electricity producers' association, SEP, had originally planned to convert five oil/gas-fired power stations to coal. But the programme has been cut to three—1,050MW, 375MW and 225MW at a total cost of Fl 1.5-2.0bn. Construction of a Fl 500m, 25m t/y coal terminal on the *Maasvlakte near Rotterdam* was postponed for one year last month. It is now scheduled for completion in 1988.

The General Energy *Council* is highly optimistic about wind-power potential in the Netherlands. Main application would be for pump *stations* on reclaimed land below sea level. The council estimates that 10 per cent of the country's elec*tricity* could be generated by wind power before the end of the century, saving an estimated Fl 2bn m3 natural gas. The electricity producers association plans construction of a Fl 10m, 10MW windfarm of 30-40 turbines. Solar energy has not been a success in overcast Holland. Developers are pinning their hopes on its export potential in sunnier regions.

Recovery signs start to appear

Chemicals

SIMON GESCHWINDT

DUTCH chemicals producers are *struggling* to survive in a sick industry—and doing relatively well. Losses have been cut. Profits have been reported in some sectors. Exports are up. There is now talk of a recovery. But a complete cure, if ever achievable, is still not in sight.

The industry's association, VNCI, while lamenting the passing of a good year in 1979 and a reasonable one in 1980, continues to bemoan the rising cost of energy and feedstocks and of tighter environmental and safety legislation, claiming that *Government* regulations aimed at improving the country's quality of life often present a threat to competitiveness in foreign markets. The industry is quick to point out that over 90 per cent of its production is exported and that it accounts for one-sixth of total Dutch exports.

The value of chemicals exports rose 9.2 per cent in the first half of 1983 to Fl 14,558m from Fl 13,332m in the corresponding period of 1982—compared with a 6.7 per cent rise in imports from Fl 7,302m in the 1982 first half to Fl 7,792m this year. Total export growth of Dutch goods amounted to a mere 2.7 per cent.

Growth of chemicals exports was attributable mainly to a 19.5 per cent rise in the value of plastics, cellulose and synthetic resins sold abroad. The bright spots are low density polyethylene and PVC whose prices have firmed up rapidly. Ethylene is described as reasonable but other base chemicals are very weak.

Producers say that demand is strengthening, but the strong dollar and the high dollar price of naphtha feedstocks mean *that cracker operations can* barely break even. The industry's total turnover in 1982 rose to Fl 35.0bn from Fl 33.9bn in 1981. It plans to invest around Fl 2bn this year.

Prices of petrochemical products have increased but are still insufficient to offset the *pressure on margins* by higher energy and feedstock prices. Base chemicals form a large proportion of the industry's *product* package. Speciality chemicals are more attractive because of their higher added value, lower energy quota and their ability to compete on quality or innovation rather than price. But any shift away from bulk products will take decades to achieve.

The Dutch chemicals and fibres group Akzo says it has felt the effect of a "slight recovery" but has little faith *that it will last.* But *it does* have the advantage of the strong dollar because of its large sales in American markets.

This factor helped it double its second-quarter net profits and increase turnover by 5 per cent. Profitability generally has been improved by some severe corporate surgery, particularly in the fibres sector, long plagued by heavy overcapacity.

Profits higher

Second-quarter net profit of Fl 115.6m brought first-half profits to Fl 172.4m compared with Fl 85m in the corresponding 1982 period. First-half turnover rose from Fl 7.3bn in 1982 to Fl 7.37bn. Akzo says 1983 profits will be "well in excess of *last year's figure."* The group's base chemicals division, Akzo Zout Chemie, which described 1982 as "the worst in its his*tory," says there is now* evidence of recovery, particularly of its vinyl chloride monomer, VCM and PVC activities.

Akzo Pharma boosted pharmaceuticals sales by 5 per cent to Fl 419m and reports a 10 per cent increase in operating income. It described 1982 as a record year and is clearly in a far healthier sector than the other divisions. Akzo says earnings on man-made fibres are still "unsatisfactory."

DSM, the state-owned chemical group, says business is improving on a number of fronts and that there is a good chance of making profits in the second half. But it adds that base chemicals business is poor and returns on investment inadequate. After plunging deeply but briefly into the red last year it has returned to the black with a first-half profit of Fl 26m compared with a Fl 22m loss in 1982. Turnover rose from Fl 10.3bn to Fl 10.6bn. DSM blames poor performance on rising dollar-priced feedstock costs and currency devaluation in export areas. Poor Third World purchasing power hit fertiliser sales, which fell for the first time since World War II.

DSM bedded down with French producer EMC this year for production and sale of PVC. "We are open to other similar ventures," says DSM chairman Wim Bogers.

Recently announcing his mid-1984 retirement, Bogers said that the prevalent anti-chemical industry attitude at Dutch polytechnics and universities should make way for a "new realism." He said the alienation threatens the Dutch industry's competitiveness in high value and research-intensive products. The VNCI recently joined the Royal Dutch Chemical federation, KNCV, to investigate areas of common interest between universities and industry.

But the Dutch chemical industry has a chronic image problem. It is confronted by the Herculean task of cleaning up its waste problem, as well as living down its reputation as the major single threat to the environment. There have been a *number of serious* pollution scandals in the Netherlands in recent years involving illegal dumping of toxic chemical waste. *It is understandable* that the industry's cries of protest at stricter measures to control pollution are received with little sympathy by the Dutch public.

Overcapacity in most base-chemical sectors is discouraging further investment in new plant. Most projects are aimed at revamping, energy conservation and environmental improvements. The more speciality, higher added value areas are attracting some new investment.

One example is Du Pont's decision to construct a 2,000-tonnes-a-year fluoroelastomers plant at Dordrecht scheduled to start up in 1986. The Fl 100m plant is the final stage of Du Pon't Fl 400m five-year programme starting 1981 to make Dordrecht the world's largest fluoro products site.

Fibres plant

Akzo's Enka fibres group has started construction of a Fl 600m, 5,000-tonnes-a-year "Arenka" fibres plant in Emmen for completion in 1985. Akzo Zout Chemie has started Fl 40m *modernisation of its 400,000-*tonnes-a-year soda ash plant in Delfzijl and has just brought a 250,000-tonnes-a-year chlorine plant on stream in Rotterdam at a cost of Fl 300m. This is likely to be the last large-scale base chemicals investment in the Netherlands this decade.

General Electric Plastics is constructing a new Fl 250m polyphenylene oxide plant in Bergen op Zoom for completion in 1985. Two major Dutch fertiliser producers are building new ammonia plants scheduled to come on stream next year—NSM in Sluiskil belonging to the Norwegian chemicals concern, Norsk Hydro, 550,000-tonnes-a year for Fl 400m, and DSM subsidiary, *UKF*, in Geleen 440,000 tonnes for Fl 300m.

The Dutch chemical industry has long warned the Government that high energy costs in the Netherlands will lead to closures. By the beginning of this year the rumblings of discontent about high electricity tariffs had become loud enough to attract the attention of political circles in The Hague. The producers' prayers were recently answered when Economics Minister Gijs van Aardenne pledged himself to centralise control of electricity production, to index the price for very large users such as Akzo and DSM to that of imported electricity to avoid distortion of competition — and to peg the 1984 large-user price.

Philips puts its faith in joint ventures

Electronics

WILLIAM THIRD

THE STREAM of innovative products that emerge from the Philips research laboratories in Eindhoven and the contribution made by the company to the country's balance of payments would seem to ensure the continued international significance of the Dutch electronics industry. But while the company still provides employment for some 73,000, it has recently cut jobs and cannot be looked to for the additional growth which it was hoped electronics would provide.

The presence of such a large company in a small country has a profound effect on the dynamics of the domestic market. For example, the company's consolidation of the Dutch electrical and electronics market over the years has given it a domestic dominance that would be unthinkable in an economy the size of West Germany's and impossible in the U.S. While it would be wrong to say Philips has everything its own way, the scope of its activities means there is hardly a government contract or aid package for which some of the company's products are not eligible, thereby inhibiting access to one of the "stepladders" for new company growth.

On the other hand, Philips *does support an infrastructure* of thousands of sub-contracting companies, although most of these are at the "low end" of high technology.

Philips itself has made impressive international acquisitions and agreements in the last two years. Most notably and recently the telephone agreement with AT & T. In a period *that has seen many familiar* brand names disappear, Philips has continued to be profitable—although a return of 1.1 per cent recently has not satisfied the company or stock market.

For a company that emphasises its high technology, Philips is paradoxically showing better profits from mature activities like lighting and lower technology personal care products. There has also been a comparatively greater contribution to overall profitability from the markets for industrial or "professional" equipment. Plenty of high technology there, but it could be said that Philips' own technology is in question in one of these markets too, in view of the telephony agreement with AT & T. *However, this could prove to be a masterly stroke,* bringing Philips the ripe digital telephony technology without incurring the huge research and development costs involved.

The agreement with AT & T on digital switching and transmission technologies will also improve Philips' ability to exploit the vast potential of combined computer and telecommunication services or "telematics." For example, electronic mail, network communications.

A shakeout

The high development costs of the new digital equipment will shake out smaller telephone *companies which have existed* on domestic demand in a world market renowned for its practice of national preference. With its low Dutch profile and fairly autonomous national organisations, Philips has managed to avoid such discrimination, being treated as a domestic supplier in many countries. In exchange for their digital technology AT & T will get the benefit of Philips' knowledge and marketing expertise in countries traditionally outside the fiefdom of North American telephone equipment manufacturers.

Philips is the first to admit that it has coped well with the physical barriers in EEC and world trade, and it is well versed in negotiating at government level all over the world. However, the company did not grow to its present size in the market for professional equipment but on massive sales of consumer durables like colour TV sets. And it is here, in the hurly-burly of the consumer market, that Philips is having problems. Most notably in the struggle with Japanese companies for the video-recorder market.

Technically Philips is strong in the development of video cassette recorder and the opto-electronic laser technology applied in the Compact Disc and LaserVision. It is in taking certain of these products to the marketplace that deficiencies in marketing and commercial skill have been revealed. The company quickly lost its innovator's lead in the video recorder market when Sony and JVC developed their own Betamax VHS systems. Philips were also slow in responding to the demand for pre-recorded programmes.

The extent to which Philips was hampered in its approach to the early video market by the fact that policy decisions were *made in a country* where television, certainly by Japanese standards, is a comparatively under-developed medium, is a matter of conjecture. Recent Philips pronouncements about the importance of being in markets like the U.S., where consumers are less conservative is perhaps a partial recognition of this effect. But Philips still seem to be confusing the "conservatism" of their home market with the wider European market.

In video-recorders the U.S., with 40 TV channels might be the biggest market, but it is four-channel Britain that has the highest per capita ownership of video-recorders and home computers. Many of the recorders in British homes are rented from High Street chains which also hire out the pre-recorded programmes. Philips, with a long and significant presence in the UK television market, sold its interest in just such a High Street chain as late as 1978.

In the second round of the video battle Philips pinned its prestige and money on the V2000 system. But despite the technical excellence of the system the price-cutting war by the Japanese shortly after its launch severely damaged its chances. Philips was forced to lower prices particularly in West Germany.

The latest development came with the announcement by V2000-system partner Grundig that they would make VHS system recorders alongside the V2000 system. Philips had earlier announced that it was considering VHS video-recorder production at its factories in Vienna and Krefeld, West Germany. This has been widely interpreted as the death knell for the V2000. But of course Philips will also be under pressure to keep its large *factories busy — Vienna has a* production capacity of 1m pieces — irrespective of the system that is produced.

A wrangle

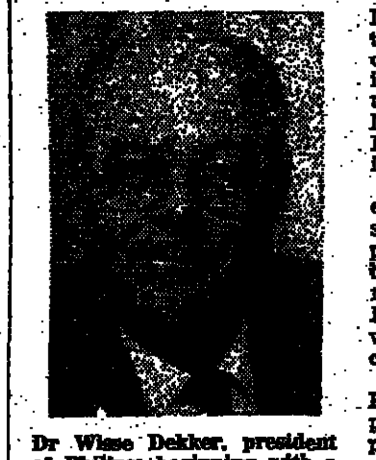
Philips is currently involved in a wrangle with the Japanese about the ceiling for video-recorder exports to the EEC. The Japanese maintained that Philips will not be able to meet their 1m-plus production figure. It must be particularly galling for Philips that Sony has just negotiated a three-year deal to sponsor the Dutch football league.

However, Philips is probably drawing some comfort on the consumer front from the Compact Disc. This may eventually largely replace the record and record player of today. Philips will get royalties on every Compact Disc player sold since it has established a *de facto* world standard with Sony.

Paradoxically, Philips already finds itself fighting other Japanese firms making its Compact Disc system under licence. Philips was reportedly shocked at the prices at which players were being offered to importers. EEC import tariffs for Compact Disc players from Japan is just 9½ per cent. There is now a proposal before Gatt to raise this to 19 per cent. Philips feels it is vital to protect the infant CD industry in Europe from being "murdered" in its cradle.

Despite these troublesome areas there are bright spots for Philips and the company's research and financial strength will ensure its survival as a large, often leading, multi-technology electronics company.

PROFILE: DR. WISSE DEKKER



Dr Wisse Dekker, president of Philips: beginning with a "cleaner slate."

First chief outside the family

ISOLATING an individual's contribution to the well being of a large organisation is always difficult but one of the first and most effective things a new chief executive can do is to give a change of style. If ever a company needed a change it is Philips and if any one man is capable of doing it then it is the company's president, Dr Wisse Dekker.

With more than 300,000 employees around the globe, a multi-billion-dollar turnover and a diverse product range, Philips would be a challenge to any chief executive. In the late 1970s the company woke up to the fact that it had become too bureaucratic with too many employees and an unnecessary duplication of efforts. Neither the company's structure nor old-style paternalism were in keeping with contemporary conditions.

The first company president from outside the Philips family, Dekker's immediate predecessor Dr Nico Rodenburg, had the unenviable task of presiding over the major restructuring measures taken by the company. These were traumatic days for the Netherlands and for Philips but the steps taken gave Dr Dekker a "cleaner slate" on which to begin his own presidency.

Dr Dekker, 59, is a dyed-in-the-wool Philips man, born in Eindhoven and the son of a Philips employee. However, what marks Dekker out from his predecessors is that most of his 36 years with Philips have been spent outside the Netherlands. His extensive Far Eastern experience included almost six years as general manager of Philips in that area, based in Tokyo. Dekker must be one of few industrialists in the West who can negotiate in Japanese. He is widely recognised and respected in the Japanese electronics industry and is always careful to temper any pronouncements on that country with the terms "Japanese friends" and "Japanese colleagues," revealing a true appreciation of oriental etiquette.

Another important staging post on Dr Dekker's way to the top job, was the four years he spent as Philips' chief executive in the UK from 1972 to 1976. Where, incidentally, he was awarded his honorary Doctor of Law title by Strathclyde University for his promotion of links between industry and universities. However, Dekker's spurs were well and truly gilded when he was chiefly accredited with bringing in the giant Saudi Arabian telephony order, reputedly the largest industrial contract ever. He became president of Philips in 1981.

As well as his international experience, Dekker has extensive product division experience, characteristics shared by other new-style board members like C. J. van der Klugt and G. Jeliof, two of the vice-presidents Dekker has created.

Wisse Dekker has made the Philips presidency a much more public office, using it as his platform to present the company's views internationally. Dekker is fully at ease in many languages and countries and his advocacy of EEC co-operation in electronics is well known, earning him a rather fulsome comparison with Jean Monnet, one of the Community's founding fathers. Dekker and Philips have also been portrayed as lone fighters against the Japanese dragon. But while promoting the European cause against the Japanese, Philips continues to co-operate with the very country it is fighting.

As well as promoting a new attitude and style within the company, Dekker has also presided over organisational changes designed to make the company more flexible and streamlined. The company's activities in the Netherlands have been given the same status and structure as Philips' organisations in other countries, allowing the board of management to concentrate on broader issues.

'Most of his 36 years with the company have been spent outside the country'

Product division mergers of the kind between the computer activities of Philips Data Systems and the telecom activities of Philips PTI are sensible reactions to market trends. An integration of audio and video divisions would seem to be the next such step. Another change under Dekker has been the new insistence on profitability per activity and per product division. In the past Philips often used profits from one area to cover losses elsewhere.

Dekker has presided over measures designed to improve co-ordination between research and product divisions and to shorten the pathway from laboratory to market. Once a development with product potential is identified, a project leader is appointed to produce a business and development plan. If the potential is big enough it can be implemented, with the board following its progress monthly. This will hopefully help avoid the kind of errors made in the past with new products, and help shorten lead times by as much as half.

Wisse Dekker has impeccable Philips credentials, a breadth of international experience, the drive and the authority to shake and shape Philips.

The extent to which he succeeds will be crucial to the future of the company and his presidency may well be seen as a watershed in the company's development, determining whether it "flows to the sea of happiness" or to "stagnant backwaters."

William Third

Survival in a battle against giants

Vehicles

CHARLES BATCHELOR

FOR A country which did not begin to industrialise until after the last war and which has only a small domestic market, the Netherlands maintains a remarkably diverse automobile industry.

Against the odds Daf Trucks and Volvo Car have survived as small volume producers in a world of giants. Van Doorne Transmissie, which has spent many years developing its Transmatic continuously variable transmision system (cvt) is now planning to start volume production next year.

The survival of these companies would not have been possible without many hundreds of millions of guilders of state aid and partnerships with far larger foreign groups But by a combination of determination, good (export) salesmanship and luck they have survived.

All three companies had their origins in the fertile brains of the late Van Doorne brothers. Hub and Wim. Daf Trucks, the commercial vehicle arm, and the car operation, which was renamed Volvo Car when the Swedish carmaker Volvo took control in 1976, went their separate ways.

Meanwhile Hub van Doorne set up Van Doorne Transmissie to work on a second generation automatic transmission system to replace the Variomatic which had driven the diminutive Dafs for nearly three decades.

Despite the large amounts of government aid which have been pumped into the vehicle makers, the Dutch Government has no aid programme for the automobile industry as such. Stated Government policy is to provide backing to develop products with a future and to help restructure companies with prospects. Within this framework the car, truck and component makers can expect Fl 200m (£45m) worth of aid next year from a total industrial support budget of Fl 1.77bn.

Daf Trucks has three difficult years behind it. Markets have shrunk; profits had fallen to negligible levels; a major shareholder, International Harvester (IH), decided to sell its 37.5 per cent holding; and to cap its misfortunes Mr Piet van Doorne, the chairman, died in October 1982, aged only 47, after a short illness.

Daf's decision in September to announce plans for a new series of trucks to be developed in the late 1980s and for the modernisation of its production techniques was intended as a clear statement of faith in the company's future.

Mr Aart van der Padt, Daf's new chairman, says: "We have to show we are working for the future. The temptation in a recession is to cut investments. People say the small manufacturers won't survive in this industry. This will help to show we will." Daf has almost completed arrangements for a Fl 630m financing package to fund these developments. The Dutch Government plans to provide Fl 140m while Belgium, where Daf has 40 per cent of its production capacity, is believed to be ready to provide a state guarantee for a similar amount.

New trucks

The new trucks will replace a series which was first introduced in the late 1960s. The modernisation of production techniques will involve the introduction of flexible machining systems—computer numerically controlled machines and programmable robots. The aim is to make Daf less dependent on series size and on more economies of scale.

"By the end of the 1980s we want to remove the adverse effects of our smallness," says Mr van der Padt.

Daf has just made profits in the past two years—of Fl 1.8m in 1982 and Fl 1.2m in 1981—on turnover of around Fl 1.6bn a year. Cost savings and the good results of the special products division, which makes military and some civil vehicle components, helped keep the company in the black, but it is still unclear if a profit can be made again this year.

Daf increased its market share in its main West European markets in 1982 to 6.8 per cent from 6 despite a 7 per cent fall in overall demand for trucks of nine tonnes gross vehicle weight and above. Total unit sales nevertheless fell by about 400 vehicles to 12.891 last year. Capacity is 15,000 units.

A major source of uncertainty remains in the final destination of the former International Harvester shareholding in Daf. The shares are temporarily being held in trust but a buyer who will respect Daf's independence is being sought.

Volvo Car, which is now 70 per cent owned by the Dutch Government, is finally starting to reap the benefit of its investment in its medium-sized car, the 300 series. When it was first launched in 1976 in an automatic-only version the 300 failed to find a market.

New versions, refinements and keen pricing have finally turned the ugly duckling into a swan. Volvo Car expects to make more than 100,000 300s this year for the first time at its plant at Born in Limburg in the south-east Netherlands. In 1982 it made just under 92,000 cars.

Volvo Car's recovery has also only been achieved with the help of a sizeable injection of government aid. In May the economics ministry approved an additional Fl 460m of support to help the company develop a new medium-range model, code-named the G1, for introduction around 1990. Volvo of Sweden will provide a further Fl 158m.

The improved fortunes of the 300 series have not yet allowed Volvo Car to return to profit. The company does not expect to be in the black until next year following an after-tax loss of Fl 14.7m in 1982 on turnover of Fl 1.35bn. This was some improvement on 1981 when the loss was Fl 29m on sales of Fl 1.11bn. The UK, where the larger Swedish-made Volvo models have always sold well, is Volvo Car's largest market, accounting for 30,400 of total sales of 90,255 last year. The Netherlands with sales of 15,000 overtook Sweden (10,900) as the second largest market.

Although the company is now largely owned by the Dutch Government following Volvo's decision to reduce its holding to only 30 per cent, a commercial agreement with the Swedish company provides for continued close co-operation on the product range and on joint marketing world-wide.

In July Volvo Car took over the 39.5 per cent stake in Van Doorne Transmissie previously held by the Van Doorne family holding company. Volvo of Sweden originally thought its holding in Volvo Car gave it an automatic right to the Transmissie patents but a Dutch court found against it.

Transmissie, in which Fiat and the Borg Warner Corporation each have 24 per cent, while the Dutch Government holds 12.5 per cent, has contracts to supply its cvt to a number of car makers in Europe, the U.S. and Japan.

Fiat announced in September that it expects a version of its Uno model, fitted with the cvt system, to go into production towards the middle of next year — the first time it will have been offered in a saleroom car. Ford, meanwhile, has been testing the cvt for possible use in a version of its Fiesta, although a final decision has not been taken. Volvo Car, too, is planning to use the cvt in its G1 model.

Following its failure to obtain the use of the Transmissie patents Volvo Car started to develop its own successor to the Variomatic system but acknowledges it had not got as far as Transmissie and is now adopting its rival's system.

A total of Fl 32m in the form of new share capital on a pro-rata basis from existing holders and bank loans is to be provided to Van Doorne Transmissie.

The company will extend its own factory to make the pulleys and the belts—the core of the system—but much of the construction and assembly work will be put out to foreign manufacturers.

Debate intensifies over use of new land

The Polders

CHARLES BATCHELOR

Lelystad: plenty of greenery and water but the regular street pattern does little to break the monotony of the polder

A FEW MINUTES out of Amsterdam on the Hilversum motorway take the Lelystad turn-off and you are soon driving along a four-lane road between, in season, fields of yellow rape-seed. In the distance the horizon—which is flat even by Dutch standards—is broken by cranes and the silhouettes of half-built housing projects.

Twenty-five years ago several metres of water covered the clay lake bed of the Ijsselmeer, as the Zuyder Zee was renamed when it was enclosed by a dyke, and the only method of following this route would have been by boat. As recently as a decade ago, much of this rich farming land was still an impassable tract of mud, sludge and water pools.

The Dutch are fond of quoting Pliny the Elder, who wrote in AD47: "In this eternal struggle in the course of nature it was doubtful whether the ground belonged to the land or the sea." A mammoth drainage and reclamation programme carried out over the past half century has pushed the advantage decisively in favour of the land.

As the engineers are now discovering, however, winning back the land from the water was the simplest part of the operation. The debate over what is to be done with the "new land" has grown fiercer over the past decade as different interest groups press their case.

Assumptions

Lobbying by environmentalists and fishermen means there is a good chance that the Markerwaard polder, the final element in the grand design for reclaiming the Ijsselmeer, may not be drained.

This, in the words of one official closely involved in the project, would "mutilate" the ambitious scheme drawn up by the visionary hydraulic engineer Dr Cornelis Lely at the end of the last century. A number of the planning assumptions on which the billion guilder project has been based would be overturned.

The Dutch have been fighting back the sea ever since they settled the marshy deltas of the Mass, Rhine and Scheldt, although the first large-scale polder schemes date back to the early 13th century when the Beemster lake was drained in North Holland. The techniques have been continually improved ever since but East Flevoland, the latest of the Ijsselmeer polders to be reclaimed, was created using essentially the same techniques.

A ring dyke is constructed around the area to be won back with pumping stations (originally windmills) at appropriate intervals. A drainage canal system is excavated under water on the bed of the enclosed area and the pumps begin their work. After several months in the case of the larger polders the lake has become a sea of mud and a finer drainage system is dug out.

Reed seed is sown from light aircraft to assist the drying out operation and prevent the growth of weeds. As the land dries it sinks, but it is now ready for the planting of rapeseed and grains.

The pumps meanwhile must continue the never-ending task of keeping the polder dry. Were they to be switched off, the water table would rise and the polder would flood again. At their lowest point the Ijsselmeer polders are five metres below sea-level.

The Zuyder Zee project began to take shape in the 1920s with the reclamation of the 20,000 hectare Wieringermeerpolder in the north-west and the construction of the 30-kilometre long Enclosing Dyke which turned the salt water Zuyder Zee into the freshwater Ijsselmeer lake.

The main aims of the project were to shorten the vulnerable Dutch coastline, create more farming land and improve water management. As the engineers drained more land, moving in an anti-clockwise direction round the Ijsselmeer, their objectives changed. The 48,000 hectare North-East Polder, drained in 1937-42, is still largely agricultural but plans for the 53,000 hectares of Eastern Flevoland, drained in 1950-57, were subsequently modified to meet the need for overspill housing from Amsterdam and the crowded Randstad.

Lelystad, the capital of the proposed new province of the Ijsselmeer polders, has a projected poulation of 100,000-120,000 by the end of the century, although it now houses around 53,000 people.

Almere, on Southern Flevoland, now has about 30,000 inhabitants but is projected to grow to between 125,000 and 250,000. Only a few kilometres from Amsterdam, Almere is proving more popular with displaced Amsterdammers than the more distant Lelystad.

While there is still a strong demand for agricultural land on the polders from farmers forced out by the expansion of towns elsewhere and the rationalisation of smallholdings, only half of Southern Flevoland has been reserved for this purpose.

A far greater proportion will go for housing than on any other polder while large areas have been set aside for nature reserves, recreational areas and holiday bungalow parks. While the earlier polders were joined directly to the "old land," the two Flevopolders are separated by broad stretches of water which are intensively used for water sports.

A long strip of land originally designated for industrial use to the north east of Almere proved superfluous in the wake of the economic recession and has been left as a bird sanctuary and nature reserve. Birds which disappeared from the Netherlands at the beginning of the century, such as eagles and greylag geese, have returned to the area of swampland which developed.

While the early inhabitants of Lelystad came to the new town from all over the Netherlands with a sense of pioneering commitment, many of the later overspill arrivals from Amsterdam took more persuading of the advantages of life on initially bleak polders. Nevertheless, the attractions of a house and garden at a modest rent with nearby woods and lakes meant less than 1 per cent of the new arrivals went back to life in a flat in crowded Amsterdam. Every effort was made to provide shops, community centres and entertainment to match the growth of population.

Effect of recession

The recession has begun to have an impact on the rate of new immigration, prompting fears that the population of Lelystad may not grow fast enough to support the communal facilities that have been provided. Rents have increased, the cost of daily travel back to a job in Amsterdam has become a deterrent, while fewer new jobs are being created in Lelystad itself.

Companies which located themselves in the polder have managed no better nor worse than those elsewhere in the country in surviving the recession, but the large number of construction companies, which are particularly sensitive to economic changes, is a cause for concern. Lelystad has attracted a large concentration of agricultural research institutes, but a broader economic base needs to be established quickly to reduce the amount of commuting back to the "old land."

The recent opening of all but a short section of the four-lane highway linking Lelystad and Almere with the national road network has improved communications but work on a rail link has yet to be completed. Almere will be joined to the rail network in 1987 and Lelystad a year later. Part of the track has been rerouted so as not to disturb the peace of the nature reserve.

The Markerwaard, the final piece of the Ijsselmeer jigsaw puzzle, depends on a government decision which has been promised by May 1 1984. Originally planned at 60,000 hectares, it has since been reduced to 40,000 to allow for a broad strip of water separating it from the "old land."

A two-year consultation process with all the interested parties has ended with a strong body of public opinion apparently against the polder.

Its opponents argue that the need for farming land is less urgent than before while the decision by Amsterdam to build new housing on derelict sites nearer the city centre rather than disperse its overspill removes another justification for the polder. The Dutch armed forces are still keen to find a new training ground but plans for a second national airport, to relieve pressure on Schiphol, have been shelved.

Against the polder are ranged a large number of environmetal organisations, which want the proposed polder site retained as open water, recreational interests and fishermen.

Its supporters, notably the Ijsselmeer Polders Development Authority, argue that the polder is needed if only to maintain an important area of Dutch expertise. Apart from a plan to reclaim a narrow strip of land from the North Sea between The Hague and the Hook of Holland no further projects of this type are planned.

"A lot of people who are trying to stop the Markerwaard are the same ones who want their interests catered for on the Flevopolder," said one official. "The fight over space on the Flevopolder shows we do need the Markerwaard."

Scaling down proves traumatic

Welfare State

WALTER ELLIS

SCALING DOWN a welfare state as all-embracing and generous as the Netherlands' is not only an accounting exercise, it is philosophically traumatic. No Minister likes to admit that the people have been having it too good and that he intends making life a little harder for them.

Dutch Ministers, perhaps, find this especially difficult. Politicians in Holland have spent much of the last 25 years expanding and refining their welfare system, building it into the embodiment of what each citizen would regard as civilised values. To that extent, they have been flying in the face of their own Calvinist traditions, and it might be argued that they are now, to some extent at least, returning to the Dutch equivalent of Victorian virtues.

The difference is that it is economic necessity which has brought about the change. Internal generosity is being circumscribed not by any renaissance of Puritan ideology but by an increasing inability to pay the old rates. Thus the current fashion, at least on the right, of referring to the need for individuals and families to stand on their own two feet has to be viewed with caution. Only Sweden has such self-esteem when it comes to giving, and liberal pride is not easily abandoned.

Having said that, there are certainly those who do believe that the need for cuts may turn out to be a blessing in disguise. Comfortably-off civil servants, businessmen, bankers, and even journalists, are often given to criticising the welfare state for being too soft. It encourages idleness among the young and kills initiative, they say. "People could find jobs if the state didn't make it easy for them to live on the dole."

In the 1960s and early 1970s, the Netherlands could support a minority of unproductive dependants beyond the hard core of the genuinely unemployed, unmarried mothers, the handicapped and the old. In fact, there were those who even relished the enlivening of street life and popular culture that resulted from state beneficence. No longer. Now it is back to basics.

Draft budget

Mr Onno Ruding, the Finance Minister outlined the cuts he had in mind in his draft budget for 1984 published in September. He had assumed a general 3.5 per cent reduction in a whole range of benefits. It now looks as though that could be 3 per cent, so that the savings would be somewhat less.

For a start, he intends freezing the indexed adjustments to the welfare system so that the increases that would normally follow from changes in the cost of living will no longer be part of social arithmetic. This should save Fl 405m (£90m). Next, minimum social benefits, unemployment pay and disability payments are all to be reduced, saving the exchequer (assuming a decrease of 3.5 per cent) Fl 2bn.

Bringing down benefits in the first period of unemployment to 70 per cent of the last salary received would yield Fl 590m. Freezing family allowances would save Fl 150m, anti-fraud measures might yield Fl 125m, various other specific measures Fl 125m and a limitation on the accumulation of leave days during illness a further Fl 175m.

In the health sector, hospital and other institutional budgets are to be cut, prescriptions are to cost more and there are to be fewer allowable expenses for health insurance funds. The only budgets due to go up are those providing help for family doctors and preventive medicine. Total savings in health and welfare combined: Fl 4.7bn.

Those in receipt of welfare payouts will be aware of the following picture. This year, an adult couple, living together with no children and with no other income, receives Fl 334 (£76) per week from the state, plus Fl 17.25 holiday money. A single parent with one child would receive Fl 300 plus holiday money.

A single person aged 23 or over with no dependents gets Fl 234 per week, again plus holiday entitlement. A school-leaver unable to find a first job is paid only a form of child allowance, which is also payable to couples with children.

These payments may not seem overly generous. But health insurance and old-age pension contributions for those living on state aid are also paid, while rents are firmly controlled so that no one need pay more than, say, Fl 400 a month for basic accommodation.

In addition, as indicated above, those who have just lost their jobs receive 80 per cent of their final salary for the first six months and 75 per cent for a further two-and-a-half years. Only then do minimum benefits take effect.

In the days of relatively full employment, this meant that almost everyone who lost his or her job could expect to maintain their previous standard of living almost intact until new employment could be found. Normally, this did not take long. In the 1980s, new jobs are hard come by and the state to saddled with commitments it cannot reasonably meet.

High priorities

It should be stressed that social welfare and health care in the modern Netherlands are high government priorities and likely to remain so. Hospitals may become slightly fewer, but those who fall ill will continue to find a bed and the necessary equipment and skills will be there to ensure all necessary treatment. Education will also remain of a high standard even if some 8,000 teachers and lecturers face dismissal.

The difference is that the system has ceased to grow. Improvements now will be mainly qualitative, and budgeting will henceforth be a tight affair. Those several million people in receipt of one form of welfare or another will have to make do with less at a time when inflation, even if low, is continuing to push up prices.

Mr Ruding and Mr Jan de Koning, the Employment and Social Affairs Minister, have shown that a Dutch Government is ready to hit out at the weak when it has to, and it is that realisation which for many—including those not directly affected—will be most wounding.

Discord over spending cuts

The Arts

CHARLES BATCHELOR

FROM the international reputation of the Concertgebouw Orchestra of Amsterdam to the more modest achievements of the Frisian Orchestra in Leeuwarden, the Netherlands has created an impressive musical tradition. No fewer than 21 professional orchestras serve a population of 14m.

The establishment of symphony orchestras in nine of the country's 11 provinces — most of them started in the post-war years — has been only one strand of a generous arts policy aimed at making all of the arts available to all of the people.

Pressure, however, to cut back public spending and the realisation that the symphony orchestras had begun to absorb too large a proportion of the funds set aside for music generally have prompted a radical reappraisal. The orchestras absorb no less than 43 per cent of the Fl 105m (£24m) which goes to musical subsidies.

The Government believes it has now found a relatively painless way of cutting spending on the orchestras without damaging the musical community. Earlier proposals which would have led to savage cuts at the Concertgebouw Orchestra and a subsequent plan to close five provincial orchestras have been dropped.

Bernard Haitink, principal conductor at the Concertgebouw Orchestra, led an international campaign late last year to prevent the sacking of one-fifth of its members. Haitink argued that any cutbacks at the 95-year-old orchestra would damage artistic standards and he threatened to resign rather than accept them. The orchestra depends on the Government and the city of Amsterdam for Fl 12m of its Fl 14.5m annual budget.

With musicians internationally adding their voices to protests in the Netherlands against this plan the Government then proposed scrapping subsidies for five of the less well-known provincial orchestras. This too was rejected.

The Minister for Cultural Affairs, Mr Eelco Brinkman, has now adopted proposals which should reduce the subsidies to the provincial orchestras without affecting the number of musicians available to them.

Instead of subsidising 72 full-time musicians at the Frisian Orchestra, for example, he will pay 48 full-time salaries which the orchestra is free to allocate to a larger number of part-time players. Similar savings will be made at the other provincial orchestras. In all 1,091 musicians will be replaced by 961 fully salaried posts.

New contracts

The orchestras and musicians will have four years to negotiate new contracts providing for individuals to work, say, 80 per cent of the time for the orchestra. Many musicians already devote only a part of their working day to an orchestra, spending their free time coaching or playing in smaller ensembles. They have, nevertheless, in the past been kept on full salary.

Employing two harpists or three trombonists on a part-time basis should in many cases give orchestras greater flexibility, the supporters of this plan argue. The savings to be made on the orchestras should allow higher salaries to be paid in other branches of the musical world such as chamber orchestras, to composers and for the accompaniment of smaller dance troupes.

Orchestra managements will be forced to control their budgets more tightly, only paying musicians for work done instead of maintaining a large permanent team of players.

While the three leading Dutch orchestras—the Concertgebouw Orchestra, the Rotterdam Philharmonic and the Residentie Orchestra of The Hague—have not been asked to reduce their permanent staffs, the far-flung provinces have also been spared outright closures.

They are not pleased with having to make cuts but the alternative would have been even more serious. If an orchestra were to close down in Friesland, in the far north-east or in Limburg in the south-east the local musical community would be badly damaged.

Musicians would not be available to coach privately or in schools, choirs would lose their accompaniment and the general quality of musical life would fall.

The second main element in the plan for musical reform involves the merger of three orchestras in Amsterdam and Utrecht into a new permanent opera ensemble to play in the new Amsterdam Opera House which is to open in 1985/86. This proposal has run into strong opposition however and may be modified.

If it is accepted, however, the Utrecht Symphony Orchestra, the Amsterdam Philharmonic and the Netherlands Chamber Orchestra, with a total of 189 players, will combine. The new orchestra will be expected to provide symphony and chamber concerts alongside its opera work. It will have the equivalent of only 140 full-time musicians.

Utrecht, which recently opened a smart new concert hall, is outraged at its loss but other local orchestras including the five radio and television orchestras based in nearby Hilversum, would be expected to perform regularly in Utrecht.

The five Hilversum orchestras have not been included in the present round of austerity measures but a study is to be carried out into how they could be better integrated into the rest of the musical community. Many people consider five orchestras excessive in the present economic climate, arguing that more performances of the other orchestras could be broadcast.

The Hilversum orchestras owe their greater freedom to the fact that they are financed from radio and TV licence fees and not directly from the Ministry of Culture's budget. But broadcasting spending is to be cut too, and this may force savings on these orchestras.

Just over half of the Fl 12m these measures will save is to be put back into other forms of music. A work group set up to recommend a new structure for the country's orchestras proposed allocating nearly Fl 10m to other music but the culture minister felt greater savings should be made. If all of the areas selected by the work groups still get some money then greater subsidies will go to chamber music, which has become very popular, to jazz and improvised music forms.

Electronic music, pop and ad hoc music projects will also get more funds. The support for pop music will take the form of helping establish new groups though once up and running they will be left to themselves.

The quality of musical education comes in for criticism in the work group's report. Despite the fact that many performing musicians also teach there is no attempt to co-ordinate the two activities since music teaching is the responsibility of the education ministry, it says.

The ministry's recent decision to limit teaching opportunities open to full-time musicians is in direct conflict with the aims of the culture ministry. Despite the existence of 10 conservatoria and three musical education academies the relatively large number of musicians working in the Netherland who have trained abroad suggests the quality of teaching is not adequate — a criticism which has also been made in other branches of the arts.

Although there is a need to make cuts throughout the subsidised arts world Mr Brinkman has said he is willing in principle to take on the subsidies at present provided by the smaller local authorities.

Under pressure

The local authorities as a general rule provide two-thirds of the sums needed by the orchestras and the central government supplies one third. Many authorities find their own finances are under such pressure that they are refusing to pay their share. Since the Government contribution is based on that of the local authority the complete financial framework is under threat.

The larger cities such as Amsterdam, Rotterdam and The Hague, would, however, still be expected to continue their subsidies.

The orchestras do not welcome the cuts but they seem to represent the best solution to the problem of reconciling the requirements of the provinces and of the great national orchestras.

Mr Hans Hoogerbrug, secretary of the work group, said: "What we have achieved represents a breakthrough in the 20-year-old discussion of a new structure for our orchestras."

PROFILE: BEREND BOUDEWIJN

Talents of a juggler

IT IS not only London's West End theatres which are feeling the pinch as the world economic recession has grown tighter. Dutch theatre is also constrained, and the job of putting on drama, opera, ballet and the rest at Amsterdam's famous Stadschouwburg is not the joy it once was.

Berend Boudewijn has been director of the Stadschouwburg since 1978, when he gave up a career in Dutch television with few parallels in terms of popular appeal.

His job is to oversee the "home" performances of the Netherlands Opera, the National Ballet and the Publicks Theatre —the last Holland's nearest equivalent to a National Theatre. But at the same time, he has to attract and organise productions of various kinds from all over the world.

Last month's fare ranged from My Fair Lady—"direct from London"—to the Dutch College Swing Band. This month sees the return of a full-scale Lohengrin as well as performances of the lesser known Handel opera, Rodelinda.

For Boudewijn, charged with keeping all these odd balls in the air while simultaneously stretching his budget, the talents of a juggler are clearly required. Dutch theatre lives by subsidies. The belief is that no one should be deterred from a cultural evening by the price of the ticket, and the consequence is that theatregoers pay only a fraction of the true cost of their seats, with the municipality contributing the balance.

The fact that it is predominantly the better-off middle classes who patronise the arts, so that the subsidy, arguably, is travelling in an unintended direction, does not take away from the fact that an evening out at the Stadschouwburg, or elsewhere, is a bargain.

The mood, though, is changing. Boudewijn is facing up to the fact: "Last year's subsidy was 6 per cent down on 1981. This year looks like dropping another 4 per cent, and there is talk of a cut next year of 6 per cent again.

"So far, wages have kept moving up, even if the (wage/price) index is abandoned, and the cuts have mainly hit productions. But staff cuts could still come. People could be sacked."

Fl 20,000 cost

A typical production at the Stadschouwburg costs the city of Amsterdam around Fl 8,500 to stage plus a further Fl 25 per seat per night to cover the theatre's own administrative costs. A big production can cost more like Fl 20,000, while the expense of the National Ballet's famous interpretation of the Sleeping Beauty was such that it is thought to be unrepeatable.

Boudewijn comments that the situation has come to such a pass recently that theatre directors, in counting the costs of a production, begin by counting the cast. A play requiring the presence on stage, for example, of the figures assembled in Rembrandt's Nightwatch would not get past a first reading.

Chekhov, an economical cast-master, is a popular choice and can generally be done for around Fl 8,000. Noël Coward, more spartan still, can be put on for a mere Fl 6,000. Shakespeare, alas, with his requirement for armies (and bears!) on stage is *dramatis personnae non grata*.

Boudewijn's hope is that he does not have to make some of his 58 permanent staff redundant. He notes that all those put out of work would be entitled to 80 per cent of their salary for 12 months and 70 per cent for a further year, and argues that, for Amsterdam, it would be better to pay just a little more and keep the staff of the country's largest theatrical venue intact.

Running even so prestigious a theatre as the Stadschouwburg—especially at a time when aspirations have to be held back by consideration of cost—might seem an odd turn of events for Berend Boudewijn.

At the age of 47, he has done the job for five years now and thinks he will carry on for some time yet. But he started out not as an administrator at all but as an actor.

The Royal Academy of Dramatic Art (RADA) in 1957 was his jumping-off point, and he has loved London ever since, frequently crossing the channel to take in a bevy of West End hits.

Then, in the 1960s, after some years on the stage, he started his own Arena company in The Hague and began to appear on Dutch television.

Television is notoriously a seductive medium, and it claimed more and more of Boudewijn's attention. He began to host an intellectual game show, trading in arcane knowledge, and was surprised to find it soar to the top of the ratings.

Berend Boudewijn: less joy at the Stadschouwburg in Amsterdam

A talk show was similarly popular, aided by guests such as Kurt Jurgens, Peter Sellers and Marty Feldman. But by the mid-1970s, the media man was weary of his easy popularity and was glad of the offer to take over the Stadschouwburg.

For an accomplished actor-director turned TV personality, he would not seem the obvious choice for the "business" of theatre. But Boudewijn seems remarkably unaffected by his life amid the glitter and is content today to serve up a rich feast to new audiences.

"I am not frustrated," he says. "I think of myself here as a good waiter serving up the dishes of a master chef. The waiter's job is essential to the success of a restaurant. Even so, I may still look for something new. It's good to keep moving on. It's important to keep the stream flowing."

Walter Ellis

Drastic changes ahead

Radio & TV

CHARLES BATCHELOR

THE DUTCH broadcasting system, one of the most tightly regulated in Western Europe, faces a period of fundamental change under proposals before Parliament in The Hague.

The uniquely Dutch framework which has been in place for the past decade and a half is coming under increasing pressure from new technologies such as cable and satellite broadcasting.

With two-thirds of the country's 4.5m households connected to a cable system—a proportion exceeded only by Belgium—the Netherlands represents an easily accessible market for foreign television transmissions. Many people are already regular viewers of German, Belgian and British broadcasts and with the Dutch networks including many foreign—especially American—programmes the broadcasters and legislators fear their national identity will be completely swamped.

Dutch television and radio in the 1980s is still very firmly rooted in the ideals of the religious and social groups which set up their own broadcasting associations in the 1920s.

Eight associations

Time on the two television and four radio channels is shared between eight associations and the Netherlands Broadcasting Foundation (NOS), a neutral body supplying news, sport and minority programmes. None of the channels is the exclusive preserve of any one organisation.

The aim is to provide a say to different groups in society, in complete contrast to the BBC's goals of balance and impartiality. Under the Dutch system a documentary programme on an issue such as birth control will come to very different conclusions if made by VARA, the socialist network, compared wto a similar theme treated by KRO, the Catholic association.

While the Broadcasting Act still lays down that organisations must represent "social, cultural, religious or spiritual currents within the population" this clause has been only loosely applied in recent years.

Two former pirate broadcasters which have "gone straight," TROS and Veronica, aim simply to provide popular entertainment. Both have enjoyed considerable success at the expense of their staider, more narrowly sectional rivals.

A major disadvantage of this system is that licence fees and advertising revenues have to be shared between the eight organisations and the NOS. The limited resources available to each lowers the quality of programmes and means as much as 85 per cent of drama series are imported, mainly from the U.S. and Britain.

Advertising is strictly controlled, limited to fixed periods before and after the evening news bulletins and administered by a separate organisation, the STER.

With each broadcasting organisation allotted air time according to its membership rational planning of programme times is difficult. One evening's broadcasting may be shared by two and sometimes more organisations.

The growth of the general broadcasting organisations has forced even those with a serious moral or political purpose to opt for more "popular" programmes. Nevertheless much of the broadcast offering remains earnest to the point of dullness.

The shortcomings of the existing order were highlighted in 1979-81 by the sudden appearance of "pirate" TV broadcasters who used relatively low-powered transmitters to beam programmes into the disc receivers erected by the cable companies.

The pirates were finally suppressed by a series of legal judgments but the strength of the public response, despite the decidedly amateurish nature of the pirates' efforts, showed clearly that change was called for.

The minister for cultural affairs, Mr Eelco Brinkman, published his broadcasting White Paper at the end of August. Its supporters welcomed his proposals as bringing a breath of fresh air to an outmoded system. Its critics forecast the end of responsible public service broadcasting and the start of an era of commercialised trivia.

Inevitably his proposals are a compromise which attempts to reconcile the opposing views of the coalition government's two members—the Liberals (VVD) who favour opening broadcasting to commercial groups and the Christian Democrats (CDA), who are strong supporters of the public service ideal.

Mr Brinkman, a Christian Democrat, proposes allowing commercial companies to run subscriber-TV channels for which viewers would be required to pay a monthly subscription fee. For the time being at least no advertising would be allowed.

Excluded

The existing broadcasting organisations would be excluded from providing subscriber-TV although most of them are keen to do so. Pay-TV on an individual programme basis is not yet envisaged.

Two commercial groups have expressed an interest in providing subscriber-TV. VNU, the large publishing group, is one prospective candidate while Elsevier-NDU, another major publishing house, has joined Vendex International, the privately-owned retail and services group, and DeltaKabel, a cable television company, in the Delta - Teledistributie consortium.

In the absence of advertising the subscriber-TV companies would have to recoup their investment through viewers' subscriptions. If these are as high as Fl 300 (£67) a year, as some people in the public service sector forecast, compared with the present Fl 158 annual broadcasting limence fee, only one channel is likely, in the early stages at least. Exploratory talks aimed at a link between the two interested consortia are believed to have taken place.

Subscriber-TV channels must have a "reasonable" Dutch content though this has not been precisely defined in the white paper, Mr Brinkman has said he favours a figure of 20 per cent but the companies think between 2 and 5 per cent would be more realistic.

American series can be bought for as little as Fl 10,000 an hour compared with Fl 200,000 it takes to produce home-grown drama. On the existing channels only half the programmes produced are Dutch—including the extensive news and documentary output.

"At worst we fear the commercial companies would take an existing U.S. channel," commented one broadcasting official. "At best we believe they would buy individual programmes from abroad—mainly from the U.S.—and subtilte them."

The minister also proposes a 20-hour a week increase in broadcasting time for the existing organisations by 1985. At present the two channels broadcast for about six hours each day. Another half hour of advertising time will be allowed each week but the broadcasting organisations still fear they will not have the resources to compete with a new commercial subscriber-TV channel.

Their misgivings are compounded by a plan to cut broadcasting budgets as part of the Government's general austerity programme. The licence fee will be frozen at its present level and Fl 130m will be shaved off next year's total broadcasting budget of more than Fl 800m. Salaries will be brought into line with those of civil servants and effectively cut.

The other major threat facing the broadcasters is the prospect of foreign programmes being beamed into the country by satellite. These transmissions will be allowed, provided they are not compiled specifically for Dutch audiences and do not contain advertisements aimed solely at the Dutch market—with price tags in guilders or listing sales outlets in the Netherlands.

The broadcasting White Paper will be discussed by Mr Brinkman and a parliamentary commission in January and, if all goes well, could become law by the end of 1985.

The shape of Dutch broadcasting, however, is a very sensitive political issue. If the Christian Democrats feel too many concessions are being made some might join with the opposition Labour party in defending the public service tradition. There is a worrying precedent for MPs to consider. In 1965 the Government was brought down over a similar issue—the introduction of television advertising.

Tough measures

CONTINUED FROM PAGE ONE

the coalition partners has often been intense. The Christian Democrat majority is split, as ever, into its centre-left and centre-right wings, with the latter providing the thrust of policy and the former the break. The Liberals, with their unyielding determination to "make Holland work," tend to intensify this division by siding with the hardliners, so that tacit understandings have subsequently grown between the left and the opposition Labour party.

Should Mr Lubbers make real progress with his economic policy and then achieve the bloodless deployment of cruise missiles, he seems set to last out at least another two years as Premier. If he fails, anything could happen, and Mr Ed Nijpels, the 35-year-old Liberal leader — who scrupulously avoided joining the cabinet— will be waiting in the wings to offer the new alternative.

In the wings

For its part, Labour has come back strongly this year, aided by high unemployment and social deterioration. But it needs new policies as well as new, younger leadership if it is to appear truly credible. The trade unions recognise this and are seeking to make their partnership with Labour more of a two-way street.

But what if the economy continues to decline? How long can the Netherlands continue to live beyond its means? Fortunately, the signs are that, in many areas, the long-awaited recovery is just around the corner. How sustained it will be depends on two things: the growth of the world economy and the management of industrial and financial resources.

The first is beyond the control of the Government in The Hague. The second, though, is very much a matter of choice. This takes us back to where we began.

Mr Lubbers is the first Dutch premier for years to seek to take a knife to the gordian knot of economic disorder. As a result, the country is divided into earnest supporters and angry opponents, with everyone anxious at the same time, lest they are wrong.

The austerity which he first promised and then delivered represents an assault upon the accumulated, discordant economic and social wisdom of the 1970s. The Netherlands has to hope he has got it right.

CENTRAL GOVERNMENT BUDGET

(Fl bn)

	1983 Initial budget	1983 Likely budget	1984 Initial budget
Expenditure (excluding national debt repayments)	156.3	158.6	162.7
National debt repayments	4.0	4.0	5.8
Budget deficit	31.2	33.4	35.9
Deficit as per centage of net national income	11.9%	12.4%	12.1%

Source: ABN Bank.